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 2019

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 2019, together with the comparative figures for the corresponding period in 2018. 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 2019 – Unaudited

	Note	2019 RMB'000	2018 RMB'000
Revenue	3	**963,349**	809,609
Cost of sales and services rendered		**(338,228)**	(347,803)
Gross profit		**625,121**	461,806
Other income	4	**15,846**	11,329
Other gains and losses, net	5	**19,760**	(22,515)
Impairment losses		**(2,634)**	-
Distribution and selling expenses		**(3,329)**	(2,939)
Administrative expenses		**(127,407)**	(99,718)
Finance costs	6	**(198,681)**	(140,350)
Share of profit of joint ventures, net		**89,042**	83,578
Share of profit of associates, net		**12,807**	11,646
Profit before income tax		**430,525**	302,837
Income tax expense	7	**(26,932)**	(19,099)
Profit for the period		**403,593**	283,738
Profit attributable to:			
Owners of the Company		**399,232**	275,713
Non-controlling interests		**4,361**	8,025
		403,593	283,738
Earnings per share attributable to owners of the Company during the period	8		
		RMB cents	*RMB cents*
Basic earnings per share		**4.75**	3.21
Diluted earnings per share		**4.54**	3.19

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2019 – Unaudited

	2019	2018
	RMB'000	*RMB'000*
Profit for the period	**403,593**	283,738
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**6,546**	10,747
Other comprehensive income for the period, net of tax	**6,546**	10,747
Total comprehensive income for the period	**410,139**	294,485
Total comprehensive income attributable to:		
Owners of the Company	**407,383**	286,436
Non-controlling interests	**2,756**	8,049
	410,139	294,485

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019 – Unaudited

	Note	**30 June 2019** *Unaudited* ***RMB'000***	31 December 2018 *Audited* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**9,946,853**	10,297,106
Land use rights		**-**	432,424
Right-of-use assets	*10*	**610,278**	-
Intangible assets		**1,000,820**	1,004,289
Interests in associates		**413,586**	317,699
Interests in joint ventures		**1,617,689**	1,532,872
Financial assets at fair value through profit or loss		**9,122**	8,545
Contract assets	*11*	**525,057**	298,404
Trade and bill receivables	*12*	**18,369**	18,482
Prepayments, deposits and other receivables		**795,226**	846,029
Finance lease receivables		**88,110**	53,628
Deferred tax assets		**37,700**	36,898
		15,062,810	14,846,376
Current assets			
Inventories		**44,175**	20,482
Contract assets	*11*	**649,497**	689,080
Trade and bill receivables	*12*	**831,142**	714,746
Prepayments, deposits and other receivables		**777,914**	685,529
Finance lease receivables		**10,684**	8,327
Amounts due from associates		**30,624**	20,913
Amounts due from joint ventures		**5,632**	61,050
Financial assets at fair value through profit or loss		**80,800**	-
Cash and cash equivalents		**700,607**	1,353,613
Restricted deposits		**20,227**	12,692
		3,151,302	3,566,432
Assets of a disposal company classified held for sale	*13*	**246,749**	-
		3,398,051	3,566,432
Total assets		**18,460,861**	18,412,808
LIABILITIES			
Non-current liabilities			
Bank borrowings		**3,639,732**	3,751,233
Other borrowings		**2,824,745**	2,587,324
Senior notes and bonds payable		**1,368,737**	1,463,162
Convertible loan		**410,205**	200,825
Lease liabilities	*14*	**98,925**	-
Deferred tax liabilities		**5,103**	13,577
Deferred government grants		**22,174**	23,273
Payables for construction in progress		**1,197,011**	1,362,746
		9,566,632	9,402,140

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
As at 30 June 2019 – Unaudited

	Note	**30 June 2019** *Unaudited* ***RMB'000***	31 December 2018 *Audited* *RMB'000*
Current liabilities			
Trade and bill payables	*15*	**733,650**	999,809
Payables for construction in progress, other payables and accruals		**1,400,303**	1,458,157
Contract liabilities	*16*	**58,136**	61,492
Amounts due to associates		**42,007**	234
Amounts due to joint ventures		**25,492**	19,837
Bank borrowings		**584,798**	620,389
Other borrowings		**125,190**	102,931
Senior notes and bonds payable		**99,932**	199,519
Lease liabilities	*14*	**13,265**	-
Current income tax liabilities		**9,582**	1,561
		3,092,355	3,463,929
Liabilities directly associated with a disposal company classified as held for sale	*13*	**18,591**	-
		3,110,946	3,463,929
Total liabilities		**12,677,578**	12,866,069
Net current assets		**287,105**	102,503
Total assets less current liabilities		**15,349,915**	14,948,879
Net assets		**5,783,283**	5,546,739
EQUITY			
Equity attributable to owners of the Company			
Share capital	*17*	**73,717**	74,049
Reserves		**5,688,488**	5,444,179
		5,762,205	5,518,228
Non-controlling interests		**21,078**	28,511
Total equity		**5,783,283**	5,546,739

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 2019 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 2018.

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current interim period.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for HKFRS 16 which involved changes in accounting policy as described in the consolidated financial statements, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the 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 markers ("CODM"), for strategic decision making.

The CODM considers the business from a product and service perspective. The Group is organized 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 solar power plants through subsidiaries, generating electric power for sale to external power grid companies, investing in power plants through joint ventures and associates;

- "Others" segment - provision of power plant operation and maintenance services, provision of design, technical and consultancy services, undertaking electrical engineering and construction of power plant projects (the "engineering, procurement and construction business"), provision of finance lease services and energy internet services.

During the prior year, the engineering, procurement and construction business became a non-core business, however, this segment met the quantitative thresholds for the reportable segment. As at the year end of 2018, this segment does not meet the quantitative thresholds for the reportable segment, and accordingly, this segment was grouped in "Others" segment.

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 prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' remuneration, certain other income, finance income and finance costs.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments other than assets and liabilities attributable to head office.

	Power generation	Others	Segment total	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2019					
Segment revenue					
Sales to external customers*	**886,325**	**77,024**	**963,349**	**-**	**963,349**
Inter-segment sales	**-**	**58,141**	**58,141**	**(58,141)**	**-**
	886,325	**135,165**	**1,021,490**	**(58,141)**	**963,349**
Segment results	**601,481**	**600**	**602,081**		**602,081**
Unallocated other gains and losses, net					**17,126**
Unallocated income					**7,980**
Unallocated expenses					**(5,847)**
Finance income					**7,866**
Finance costs					**(198,681)**
Profit before income tax					**430,525**
Income tax expense					**(26,932)**
Profit for the period					**403,593**
As at 30 June 2019					
Segment assets	**16,533,180**	**1,843,357**	**18,376,537**		**18,376,537**
Unallocated assets					**84,324**
Total assets					**18,460,861**
Segment liabilities	**(11,399,264)**	**(1,266,197)**	**(12,665,461)**		**(12,665,461)**
Unallocated liabilities					**(12,117)**
Total liabilities					**(12,677,578)**

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB 678,636,000 and RMB 207,689,000, respectively.*

	Power generation	Engineering, procurement, construction and equipment manufacturing	Others	Segment total	Elimination	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
For the six months ended 30 June 2018						
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 31 December 2018						
Segment assets	16,195,520	-	2,127,418	18,322,938		18,322,938
Unallocated assets						89,870
Total assets						18,412,808
Segment liabilities	(11,400,462)	-	(1,445,863)	(12,846,325)		(12,846,325)
Unallocated liabilities						(19,744)
Total liabilities						(12,866,069)

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

3 Revenue

3.1 An analysis of the Group's revenue for six months ended 30 June 2019 is as follows:

	Power generation	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from contracts with customers			
Sales of electricity:			
Basic electricity price	**517,304**	**-**	**517,304**
Renewable energy subsidy	**361,709**	**-**	**361,709**
Power plant operation and maintenance services	**-**	**51,905**	**51,905**
Engineering, procurement and construction	**-**	**629**	**629**
Provision of design services	**-**	**10,782**	**10,782**
Provision of technical and consultancy services	**-**	**6,760**	**6,760**
Provision of agency service on sale of equipment	**-**	**1,297**	**1,297**
Other revenue	**-**	**2,440**	**2,440**
	879,013	**73,813**	**952,826**
Finance lease income	**-**	**3,211**	**3,211**
Financing component interest income	**7,312**	**-**	**7,312**
Total revenue	**886,325**	**77,024**	**963,349**

3.2 An analysis of the Group's revenue for six months ended 30 June 2018 is as follows:

	RMB'000
Sales of electricity:	
Basic electricity price	354,075
Renewable energy subsidy	273,407
Engineering, procurement and construction	137,001
Power plant operation and maintenance services	42,816
Finance lease income	488
Other revenue	1,822
	809,609

4 Other income

An analysis of the Group's other income for six months ended 30 June is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income	**7,866**	6,387
Tax refunds	**4,612**	2,694
Government grants	**1,099**	1,342
Rental income	**572**	690
Others	**1,697**	216
	15,846	11,329

5 Other gains and losses, net

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Gain /(loss) on disposal /de-registration of subsidiaries, net	**8,579**	(27,770)
Fair value gains on financial assets at fair value through profit or loss	**5,495**	26,620
Fair value gains on derivative component of convertible loan	**6,682**	-
Exchange loss, net	**(455)**	(21,005)
(Loss) / gain on disposal of property, plant and equipment	**(389)**	138
Others	**(152)**	(498)
	19,760	(22,515)

6 Finance costs

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest expenses		
- Bank borrowings	**113,268**	108,832
- Other borrowings	**70,764**	39,079
- Senior notes and bonds payable	**62,778**	55,176
- Convertible loan	**14,038**	990
- Lease liabilities	**677**	-
	261,525	204,077
Less: Interest capitalised	**(62,844)**	(63,727)
	198,681	140,350

7 Income tax expense

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
- PRC corporate income tax	**23,109**	18,684
- PRC interest and dividend withholding tax	**3,990**	4,547
Underprovision / (Overprovision) in prior years		
- PRC corporate income tax	**305**	(3,665)
Deferred tax	**(472)**	(467)
	26,932	19,099

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.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company RMB 399,232,000 (2018: RMB 275,713,000) by the weighted average number of 8,413,026,000 (2018: 8,579,734,000) 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 ordinary shares from the share award scheme and the convertible loan.

	Six months ended 30 June	
	2019	2018
Earnings:		
Earnings for the purpose of basic earnings per share *(RMB'000)*	**399,232**	275,713
Effective of dilutive potential ordinary shares:		
Adjustments on convertible loan*(RMB'000)*	**12,850**	980
Earnings for the purpose of diluted earnings per share *(RMB'000)*	**412,082**	276,693
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share*(thousands)*	**8,413,026**	8,579,734
Effect of dilutive potential ordinary shares:		
Adjustment for effect of dilutive potential shares:		
Share award scheme*(thousands)*	**8,000**	7,240
Convertible loan *(thousands)*	**649,946**	92,965
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(thousands)*	**9,070,972**	8,679,939

9 Dividend

During the current interim period, a final dividend of HK$0.02 per ordinary share in respect of the year ended 31 December 2018 (the year ended 31 December 2017: 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 149,673,000 (the corresponding period of 2018: RMB 73,154,000).The dividend has been paid on 29 May 2019 (2018: 3 July 2018).

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2018: nil).

10 Right-of-use assets

	30 June 2019	1 January 2019*
	RMB'000	*RMB'000*
Cost		
Power plant equipment	**124,970**	124,970
Leasehold lands	**505,523**	477,503
Total	**630,493**	602,473
Accumulated depreciation		
Power plant equipment	**7,665**	-
Leasehold lands	**12,550**	-
Total	**20,215**	-
Net carrying value	**610,278**	602,473

**The amounts in this column are after the adjustments from the application of HKFRS 16 at 1 January 2019.*

11 Contract Assets

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Tariff adjustment receivables	**753,894**	501,146
Retention money	**390,358**	453,555
Construction contracts	**30,302**	32,783
	1,174,554	987,484
Analysed for reporting purposes as:		
Current assets	**649,497**	689,080
Non-current assets	**525,057**	298,404
	1,174,554	987,484

12 Trade and bill receivables

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Trade receivables	**287,773**	258,231
Tariff adjustment receivables	**498,972**	356,179
Bill receivables	**63,485**	130,724
	850,230	745,134
Impairment loss on trade receivables	**(719)**	(11,906)
	849,511	733,228
Analysed for reporting purposes at:		
Current assets	**831,142**	714,746
Non-current assets	**18,369**	18,482
	849,511	733,228

As at 30 June 2019, the aging analysis of the trade receivables net of allowance for doubtful debts presented based on invoice date, was as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Within 3 months	**149,608**	162,972
3 to 6 months	**37,935**	12,451
6 to 12 months	**29,466**	13,555
1 to 2 years	**26,477**	32,511
Over 2 years	**43,568**	24,836
	287,054	246,325

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.

As at 30 June 2019, the aging analysis of the tariff adjustment receivables, based on the revenue recognition date, was as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Within 3 months	**70,123**	68,136
3 to 6 months	**75,348**	56,828
6 to 12 months	**124,964**	129,489
Over 1 year	**228,537**	101,726
	498,972	356,179

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.

All bills received by the Group are with a maturity period of less than one year.

13 Assets/liabilities of a disposal company classified as held for sale

During the current interim period, the Group is intended to dispose a subsidiary, which major assets and liabilities have been classified as held for sale, and presented separately in the condensed consolidated financial position. Given the consideration that the disposal net proceeds may exceed the net value of assets and liabilities, no impairment loss was recognised.

As at 30 June 2019, the major assets and liabilities of the subsidiary that classified as the held for sale are as follows:

	30 June 2019
	RMB'000
Property, plant and equipment	**206,361**
Right-of-use assets	**6,674**
Contract assets	**5,336**
Trade and bill receivables	**1,974**
Prepayments, deposits and other receivables	**26,334**
Cash and cash equivalents	**70**
Assets of a disposal company classified as held for sale	**246,749**
Payables for construction in progress, other payables and accruals	**18,591**
Liabilities directly associated with a disposal company classified as held for sale	**18,591**

14 Lease liabilities

	30 June 2019	1 January 2019*
	RMB'000	*RMB'000*
Analysed for reporting purposes as:		
Current liabilities	**13,265**	13,220
Non-current liabilities	**98,925**	101,993
	112,190	115,213

**The amounts in this column are after the adjustments from the application of HKFRS 16 at 1 January 2019.*

15 Trade and bill payables

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Trade payables	**551,988**	624,002
Bill payables	**181,662**	375,807
	733,650	999,809

As at 30 June 2019, the aging analysis of the trade payables, based on invoice date, was as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Within 3 months	**51,997**	39,007
3 to 6 months	**42,390**	12,184
6 to 12 months	**50,718**	13,879
1 to 2 years	**36,919**	464,869
Over 2 years	**369,964**	94,063
	551,988	624,002

Included in trade payables as at 30 June 2019 were retention money held in respect of construction contracts of RMB 372,000,000 (31 December 2018: RMB 378,920,000).

As at 30 June 2019, the maturity date of bill payables was "within 12 months" (31 December 2018: same).

16 Contract Liabilities

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Receipt in advance	**58,136**	60,116
Construction contracts	**-**	1,376
	58,136	61,492

17 Share capital

Ordinary shares issued of HK$0.01 each:

Ordinary shares issued and fully paid:

	No. of shares	**Nominal value**
	000's	*RMB'000*
As at 31 December 2018:	8,550,585	74,049
Cancellation of ordinary shares *(Note)*	(37,870)	(332)
As at 30 June 2019:	**8,512,715**	**73,717**

Note:

During the current interim period, the Group cancelled 37,870,000 shares on 10 January 2019 which was repurchased but not cancelled in 2018. These shares repurchased for a total consideration of RMB 10,354,000, and the access of par value as repurchase expense for total of RMB 10,022,000 was recognised into share premium.

18 Events after the end of the reporting period

As at 19 July 2019, the group cancelled 70,810,000 ordinary shares which were repurchased during the period ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In the first half of 2019, the overall operation of Chinese economy was steady and progressive with stability at a faster pace of old and new momentum switch to tenacity of ongoing economic growth. The external economic environment tended to be tight overall while the global economic situation was intricate, constantly mixed with Sino-US frictions in trade. Under the circumstances where external uncertainties proliferated with domestic economy still under downside pressure, the structural conflicts were still relatively prominent.

During the reporting period, a further focus on China's energy supply and demand was on transformational upgrade while transformational development of wind power and photovoltaic ("PV") power generation was progressively driven under the improving circumstances of renewable energy consumption and power curtailment. The Circular Regarding Establishment of Guarantee Mechanism for Sound Renewable Energy Consumption (Fa Gai Neng Yuan [2019] No. 807) published by NDRC and NEA set out the weighted electricity consumption quota of renewable energy in respect of provincial administrative regions in order to safeguard renewable energy's electricity consumption. Power curtailment in the northern regions mitigated with the red & orange warnings in Jilin & Heilongjiang Provinces both changed to green, which resulted in much room for investment development. In the first half of 2019, the nationwide newly wind power installed capacity was 9.09GW; as of the end of June, the accumulated wind power installed capacity was 193GW; the newly PV power installed capacity was 11.40GW, of which that of the centralized PV power station was 6.82GW and that of the distributed PV power station was 4.58GW; as of the end of June, the accumulated PV power installed capacity was 186GW. In the first half of the year, the nationwide power generation grew by 3.3% year-on-year while the total electricity consumption grew by 5%; the nationwide power generation from renewable energy grew by 14%, of which wind and PV power generation amounted to 214.5 billion kWh and 106.7 billion kWh, respectively, representing a growth of 11.5% and 30% respectively. In the first half of the year, the national average utilization hours of wind power reached 1,133, representing a year-on-year decrease of 10 hours while the national average utilization of PV power reached 576, representing a year-on-year increase of 10 hours. The average wind power curtailment rate was 4.7% with PV power curtailment rate being 2.4%, both representing a year-on-year decrease.

During the reporting period, the policies (such as grid parity, competitive bidding, wind power base, distributed wind power and PV power as well as market trading) concerning wind power and PV power generation both started to be implemented and the policies for the relevant ministries of the nation to uphold new energy construction was basically available in its entirety. The nation published the Circular Regarding Announcement of First Batch of Wind Power and PV Power Generation Grid-Parity Projects for 2019 (Fa Gai Ban Neng Yuan [2019] No. 594) on 20 May, based on which the total scale of the first batch of wind power and PV power generation grid-parity projects reached 20.76 GW. Meanwhile, various entities were supported to invest in energy storage system on marketization principle, and the developmental deployment of hydrogen energy was coordinated and planned.

Along with considerable exploitation and utilization of new energy, our country made an extensive progress in renewable energy technologies such as wind power and PV power. First, the technical level of key equipment parts rose rapidly with power generation cost notably reduced; second, new energy production capacity was advanced speedily with market share gradually enlarged and the products compatible with resources conditions and harsh environment were being developed. Through increased single capacity of wind turbine as well as improved design & artifice of wind turbines and PV modules, the transformational efficiency of wind power and PV power was notably enhanced while the equipment's efficacy and reliability was rising, meanwhile, the country has encouraged R&D of the technologies such as energy storage and hydrogen energy and room for renewable energy development has been widening.

During the reporting period, the business environment of China was being optimized. The tax-cut & fee-drop policy was further extended while the Ministry of Finance reduced the original applicable VAT rate from 16% to 13% on 1 April; with continuous implementation of stable monetary policy, PBoC reduced the deposit reserve ratio of financial institutions by 1 percentage point in January and the coverage of inclusive financing-oriented concessive policy for reserve ratio reduction was broadened. Industrial policy, technological progression, business environment and etc. strongly protected the steady development of renewable energy industry in the grid parity era.

II. BUSINESS REVIEW

In the first half of 2019, the Group's principal power generation business robustly grew with high safety and efficiency, power generation output and profit were both higher than expected. All new businesses such as Energy IoT, intelligent operation & maintenance ("O&M"), energy storage and financing lease were speedily propelled as planned. Beneficial from accurate research and judgement for new energy policy, the Group gained well in respect of resources storage and project approval, which underlain the development this year and next. In addition, via capital operation between international clean energy funds, the Group developed a new business model that provided the industrial funds with management services that unified development and operation for new energy projects.

In the first half of 2019, the Group materialized a total income of RMB 963,349,000 (1H 2018: RMB809,609,000), accounting for 19.0% increase for the same period of last year. Profit attributable to equity holders of the Group amounted to RMB399,232,000 (1H 2018: RMB275,713,000), representing 44.8% increase for the same period of last year. The basic earnings per share were RMB4.75 cents (1H 2018: RMB3.21 cents); and the fully diluted earnings per share were RMB4.54 cents (1H 2018: RMB3.19 cents).

As of 30 June 2019, the net assets of the Group amounted to RMB5,783,283,000 (31 December 2018: RMB5,546,739,000) and its net assets per share was RMB0.68 (31 December 2018: RMB0.65).

（1） Steady Reliability of Safe Production and Robust Growth of Power Generation Business

i. Continuous Enhancement of Power Plants Profitability and Notable Increase in Power Generation of Wholly-owned Power Plants

During the reporting period, the Group's attributable power generation notably increased, representing 29.0% increase for the same period of last year, of which the power generation of wholly-owned power plants accounted for 45.7% increase for the same period of last year. In the first half of the year, benefiting from power plant scale expansion, though the resources of Southern regions decreased, the Group's wind power generation still kept at the high level growth of 30.8%; benefiting from drop of PV power curtailment rate in Tibet and Northern regions, attributable PV power generation represented a notable increase of 16.2% for the same period of last year, of which the power generation of wholly-owned power plant rose by 16.7%; benefiting from continual mitigation of Northern regions' power curtailment and improvement of operational efficiency, the Group's attributable power generation from its jointly-owned power plants grew by 3.2% over the same period of last year.

Total Attributable Power Generation Output（GWh）

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**1H2019**	**1H2018**	**Change Rate**	**1H2019**	**1H2018**	**Change Rate**
Wind Power Generation	**2,138.8**	**1,635.0**	**30.8%**	**1,395.1**	**913.8**	**52.7%**
Including:						
Northeastern China	204.8	189.9	7.8%	-	-	-
Northern China	246.6	238.9	3.2%	-	-	-
Northwestern China	80.5	65.8	22.3%	-	-	-
Eastern China	381.5	302.4	26.2%	267.8	161.9	65.4%
Central Southern China	1,081.8	732.3	47.7%	983.8	646.2	52.2%
Southwestern China	143.6	105.7	35.9%	143.6	105.7	35.9%
PV Power Generation	**264.2**	**227.3**	**16.2%**	**254.6**	**218.2**	**16.7%**
Including:						
Northeastern China	0.4	-	-	0.4	-	-
Northern China	24.1	22.6	6.6%	17.2	16.1	6.8%
Northwestern China	6.7	6.5	3.1%	6.7	6.5	3.1%
Eastern China	32.1	30.5	5.2%	29.4	27.9	5.4%
Southwestern China	190.3	157.1	21.1%	190.3	157.1	21.1%
Overseas Regions	10.5	10.6	-0.9%	10.5	10.6	-0.9%
Total	**2,403.0**	**1,862.3**	**29.0%**	**1,649.7**	**1,132.0**	**45.7%**

ii. Steady Operation of Wind Power, Significantly Increased Average Utilization Hours of PV Power and Significantly Reduced Curtailment Rate

Affected by decrease in wind resources in Southern China, in the first half of 2019, the weighted average utilization hours of the Group's invested wind power plants were substantially consistent with those of the same period of last year, reaching 1,189, higher than the national average level (1,133 hours), of which the weighted average utilization hours of wholly-owned wind power plants reached 1,240. The weighted average utilization hours of the Group's invested PV power plants reached 813, similarly higher than the national average level (576 hours), representing 14.5% growth over the same period of last year, of which the weighted average utilization hours of wholly-owned PV power plants reached 806, representing 17.2% growth over the same period of last year.

Weighted Average Utilization Hours of Power Plants（Hour）

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Regions	**1H2019**	**1H2018**	**Change Rate**	**1H2019**	**1H2018**	**Change Rate**
Average Utilization Hours of Wind Power Plants	**1,189**	**1,190**	**-0.1%**	**1,240**	**1,297**	**-4.4%**
Average Utilization Hours of PV Power Plants	**813**	**710**	**14.5%**	**806**	**688**	**17.2%**

During the reporting period, the curtailment situation was improved significantly, average wind power curtailment rate of the Group's invested wind power plants was 3.9%, lower than the national average (4.7%). Affected by the limited output channel during the flood season and some projects taking the temporary output transmission line in southern regions, the curtailment rate of the wholly-owned wind power plants slightly increased to 2.1%. The average curtailment rate of the Group's invested PV power plants was 7.1%, representing a decrease of 52.7% over the same period of last year, of which the PV power curtailment rate of the wholly-owned PV power plants also decreased by 52.7%, mainly benefiting from significant fall of curtailment rate of the projects in Tibet.

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

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2019**	**1H2018**	**Change Rate**	**1H2019**	**1H2018**	**Change Rate**
Wind Power Curtailment Rate	**3.9%**	**4.5%**	**-13.3%**	**2.1%**	**0.0%**	**-**
PV Power Curtailment Rate	**7.1%**	**15.0%**	**-52.7%**	**7.8%**	**16.5%**	**-52.7%**

iii. Further Enhancement of Availability of Power Plants and equipment and Continuous Improvement of Power Plants' Operational Efficiency

During the reporting period, the Group continued to advance intelligent O&M of the power plants. All of the 4 centralized monitoring and control centres in Hunan, Hubei, Anhui and Tibet came into operation; through application of centralized monitoring and control centres, POWER$^+$ system, intelligent inspection system ("Yixun") mobile terminal and Enterprise Asset Management ("EAM"), integrated online & offline intelligent energy management was fully promoted and the notably enhanced level of intelligent overhaul. At the same time, technical transformation of power plants was carried in order as planned, and governance and analysis of equipment were actively implemented, so the reliability and power generation function further ascended were ardently boosted with power plants' operational efficiency constantly improved of the Group. In the first half of 2019, the availability of the wind turbines in the Group's invested wind power plants increased effectively, reaching 98.40%, of which the availability of the wind turbines in its wholly-owned wind power plants was 98.62%. The availability of the PV power plants invested by the Group was 99.96% whereas that of the Group's wholly-owned PV power plants was 99.95%.

Availability of Wind Turbines and PV Power Plants（%）

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2019**	**1H2018**	**Change Rate**	**1H2019**	**1H2018**	**Change Rate**
Availability of Wind Turbines	**98.40%**	**97.38%**	**1.02%**	**98.62%**	**98.31%**	**0.31%**
Availability of PV Power Plants	**99.96%**	**99.48%**	**0.48%**	**99.95%**	**99.38%**	**0.57%**

iv. Average Feed-in Tariffs of Wind Power remained at Relatively High Levels; Proportion of Traded Power Volume of Wholly-owned Projects Decreased

In the first half of 2019, the weighted average feed-in tariff of wind power plants invested by the Group was RMB0.5519/kWh (including VAT) (1H 2018: RMB0.5673/kWh) while the weighted average feed-in tariff of PV power generation was RMB0.9616/kWh (including VAT) (1H 2018: RMB0.9509/kWh). Of those, the weighted average feed-in tariff of wind power plants wholly-owned by the Group was RMB0.5932/kWh (including VAT) (1H 2018: RMB0.5965/kWh) while the weighted average tariff (exclusive of subsidies) of wholly-owned wind power plants was RMB0.3625/kWh and the weighted average feed-in tariff of wholly-owned PV power plants was RMB0.9301/kWh (including VAT) (1H 2018: RMB0.9313/kWh).

In the first half of 2019, traded power volume of the Group's wholly-owned power plants amounted to 260.38 million kWh, accounting for 15.9% (1H 2018: 190.72 million kWh, accounting for 16.9%). Of those, traded wind power volume reached 152.79 million kWh, accounting for 11.0% of wholly-owned wind power generation (1H 2018: 94.09 million kWh, accounting for 10.3%) and average reduction in wind power tariffs over the approved benchmark feed-in tariff was RMB0.0140/kWh) (1H 2018: reduction of RMB0.0137/kWh). Traded PV power volume amounted to 107.59 million kWh, accounting for 44.1% of the wholly-owned PV power generation (1H 2018: 96.63 million kWh, accounting for 44.3%) and average reduction in PV power tariffs over the approved benchmark feed-in tariff was RMB0.0721/kWh (1H 2018: reduction of RMB0.0559/kWh).

v. Ongoing Significant Increase in Income and Profit of Wholly-owned Power Plants

In the first half of 2019, the Group's wholly-owned power plants achieved a total income of RMB886,325,000, an increase of 41.3% over the same period of last year, accounting for 92% of the Group's revenue (1H 2018: 78%).

During the reporting period, the Group's wholly-owned power plants achieved a total net profit from power generation of RMB410,246,000, and the Group shared net profits totalling RMB101,849,000 from its associates and joint ventures.

Revenue and Net Profit of Power Plants（RMB）

	1H2019	1H2018	Change Rate
Revenues of Wholly-owned Power Plants	**886,325,000**	**627,482,000**	**41.3%**
Including: Wind Power	678,636,000	449,589,000	50.9%
PV Power	207,689,000	177,893,000	16.7%
Net Profit of Wholly-owned Power Plants	**410,246,000**	**290,051,000**	**41.4%**
Including: Wind Power	337,782,000	235,696,000	43.3%
PV Power	72,464,000	54,355,000	33.3%
Net Profit of Jointly-owned Power Plants	**101,849,000**	**95,224,000**	**7.0%**
Including: Wind Power	96,643,000	90,735,000	6.5%
PV Power	5,206,000	4,489,000	16.0%

vi. General Safety Production of Power Plants with Security and Stability

During the reporting period, the Group continuously complied with the safe management policy of "safety first, prevention orientation and comprehensive management" and concurrently planned deployed, reviewed, summarise and examined the security in conjunction with each production operation in accordance with three-tier accountability for headquarters, subsidiaries and project companies of the Group, commencing safe production management in order. In the first half of 2019, the Group organized and conducted spring safety inspection, pre-fest safety inspection, month of safe production, projects' dangerous goods storage design as well as safety supervision and inspection and hired third party professional institution for safety hidden risk investigation while carrying out safety education training, strengthening safety awareness of responsibility and enriching safety knowledge for staff.

During the reporting period, the power plants of the Group has maintained safe and stable production, without serious personal injury or above accidents, major or above equipment accidents, etc., ensuring stable and reliable power supply and safety of personnel and property.

（2）Power Plants' Development and Construction

During the reporting period, the Group went on developing and constructing quality wind power projects in the southern regions without power curtailment and also aggressively developed grid parity projects, which had better resources and stable revenue, in the northern regions. In the course of construction of the projects, actively promoting use of new technology and application of latest wind turbines, the Group effectively controlled overall construction price of the engineering, increased power generation, continued lowering LCOE and heightened power plants' competitiveness via the measures such as optimized design and reinforced progress management of construction projects.

i. Stable Progression of Power Plants Construction

During the reporting period, the total installed capacity of the Group's invested power plants for construction was 933MW (1H 2018: 1,067MW), all of which are wholly-owned projects. Among them, 7 were continued construction projects with an installed capacity of 394MW; 4 new construction projects were started with an installed capacity of 539MW. Project constructions were normally carried out according to the Group's construction plan and will successively come into grid-connected production.

As of 30 June 2019, the Group held the equity interest of 74 grid-connected wind power and PV power plants with a total installed capacity of 3,189MW (1H 2018: 2,814MW) and an attributable installed capacity of 2,205MW. Of them, 55 were wind power plants with an installed capacity of 2,857MW (1H 2018: 2,483MW) and an attributable installed capacity of 1,891MW; 19 were PV power plants with an installed capacity of 332MW (1H 2018: 331MW) and an attributable installed capacity of 314MW.

As of 30 June 2019, 41 grid-connected wind power and PV power plants were wholly-owned by the Group with a total installed capacity of 1,515MW. Of them, 24 were wind power plants with an installed capacity of 1,212MW; 17 were PV power plants with an installed capacity of 303MW.

Attributable Installed Capacity（MW）

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**1H2019**	**1H2018**	**Change Rate**	**1H2019**	**1H2018**	**Change Rate**
Installed Wind Power Capacity	**1,891**	**1,589**	**19.0%**	**1,212**	**934**	**29.8%**
Including:						
Northeastern China	162	162	0.0%	-	-	-
Northern China	186	186	0.0%	-	-	-
Northwestern China	103	103	0.0%	-	-	-
Eastern China	379	296	28.0%	261	178	46.6%
Central Southern China	981	762	28.7%	871	676	28.8%
Southwestern China	80	80	0.0%	80	80	0.0%
Installed PV Power Capacity	**314**	**313**	**0.3%**	**303**	**302**	**0.3%**
Including:						
Northeastern China	1	-	-	1	-	-
Northern China	26	26	0.0%	20	20	0.0%
Northwestern China	9	9	0.0%	9	9	0.0%
Eastern China	44	44	0.0%	40	40	0.0%
Southwestern China	215	215	0.0%	215	215	0.0%
Overseas Regions	18	18	0.0%	18	18	0.0%
Total	**2,205**	**1,902**	**15.9%**	**1,515**	**1,236**	**22.6%**

ii. Adjusted Deployment of Project Development and Proactively Explored Northern Quality Wind & PV Power Projects

During the reporting period, power curtailment in the northern regions mitigated and hence room for development and investment was enlarged; with the Southern ecological protection becoming harsh, it was more difficult for project construction. Actively commencing research and analysis of the policies, combined with the advantages of project development, the Group adjusted and optimized deployment, focused on development of Northern quality wind & PV power projects, proactively participated in parity project development, regarded and partook in the industries related to renewable energy such as hydrogen energy and offshore wind power. In the first half of 2019, the Group newly signed contracts for wind resources of 3,682MW and PV resources of 868MW in total, assuring construction and sustainability development of the Group's subsequent projects.

During the reporting period, the First Batch of Wind Power and Photovoltaic Power Generation Grid-Parity Projects for 2019 was announced by NDRC and NEA. The Group had 7 projects (641MW in total) included in the list, among which there were 6 wind power projects (596MW in total) and 1 PV power project (distributed traded pilot project with 45MW in total), mainly located in the northern regions with better resources. In “Wind Power Development and Construction Plan for 2019” published by provincial energy bureaus, the Group had 8 wind power projects (114.9MW in total) included in the list of annual development and construction plan, all of which were distributed wind power projects. In the first half of 2019, the Group added 1 approved distributed PV power project (2.5MW in total).

The Group closely follows the development of renewable energy technologies, utilises advanced equipment such as high anemometer towers and laser anemometers to continuously track and evaluate the wind resources it holds, and selects wind and PV resources with the best economic benefits under the current technology and cost levels to participate in the competitive biddings and grid parity.

iii. Expansion of Financing Channels and Proactive Diversified Cooperation with Financial Institutions

During the reporting period, the Group withdrew the convertible loan from Goldman Sachs Group and obtained project financing from financial institution(s), which reassured successful construction and operation of the Group's projects. At the same time, the Group continually brought “build & transfer” strategy into practice, disposing 75% equity interest of 2 grid-connected projects to clean energy fund, with the corresponding attributable installed capacity of 72MW, and the money obtained proceeds guarantees the construction of the Group’s projects .

（3）Other Businesses

While focusing on core business, the Group also developed other business related to renewable energy industry. In the first half of 2019, the Group continued to further develop the areas such as Energy IoT business, intelligent O&M, power plant design business, financing lease business as well as energy storage with some progresses.

i. Research and Development of Energy IoT Technology

During the reporting period, the Group went on to optimize the development and operation of $POWER^{+}3.0$, Yixun and EAM system, to optimize and enrich $POWER^{+}3.0$ mobile end function, to consummate data collection solution and to strengthen application of mega data function, using offline O&M services to drive online development of intelligent O&M platform, form an online & offline business service model of intelligent operation based on data-driven new energy asset full lifecycle management. Surrounding the high efficient digitalized O&M and assets management, the Group achieves remote centralised monitoring and control of power plants, big data analysis & early warning, remote intelligent malfunction diagnosis, intelligent logbook system, unattended or less-attended O&M model of power plants and realizes digitalized intelligent management of assets throughout lifecycle so as to enhance operation standard of and reduce LCOE of power plants.

During the reporting period, the Group's subsidiary Beijing Power Concord Technology Development Co., Ltd. (“Power Concord”) forcefully extended its external market and performed remarkably. The “online & offline” mixed intelligent O&M project for Heilongjiang PV poverty alleviation power stations has been formally initiated, providing Longyuan, Sichuan Energy Investment and Huaneng with data analysis services, and will also commence data analytical cooperation with turbine manufacturers being Shanghai Electric, Windey, XEMC and Huayi. Currently, intelligent energy cloud platform $POWER^{+}$ has provided quality intelligent energy services to the renewable energy power stations with over 7GW in grand total.

ii. Professional Operation and Maintenance of Power Plants

During the reporting period, the Group's subsidiary Beijing Century Concord Operation and Maintenance Co., Ltd. (“Concord O&M”) won the honorary title of “Chinese Management Innovation Advanced Entity” as a result of its outstanding performance and achievement of innovation of production-study-research synergy and management philosophy and won the honorary title of “2018 Team Star of Operation & Maintenance” at the suppliers' meeting held by Jingtai New Energy of Envision.

During the reporting period, Beijing Intelligent Operation Monitoring and Control Centre formally came into operation and Concord O&M realized the operational model for headquarters' directorial deployment, regional centralized control and overhaul through Beijing Monitoring Centre + 4 regional Centralized Monitoring and Control Centres + 6 regional overhaul trial centres. Relying on the intelligent operational platforms such as "POWER^{+}"+"Yixun"+"Centralized Monitoring and Control Centres"+"EAM" via three-tier interaction between headquarters + regions + power stations, Concord O&M continued to deepen promotion and application of intelligent operational model and gradually implement the new energy operational model combining online "centralized monitoring and control, big data analysis, intelligent diagnostic precaution & intelligent logbook" with offline "safe, professional and standardised operation management, regional centralised overhaul, professional inspection testing and unattended or less-attended O&M model of power plants .

During the reporting period, Concord O&M had undertaken a total of 96 wind power and PV power plants' overall O&M and scheduled inspection service contracts with a total of 5GW, and signed 11 contracts in areas such as preventive tests, technical renovation and overhaul and spare parts sales

iii. Engineering Consultancy and Design Business

During the reporting period, the Group's subsidiary Concord Power Consulting & Design (Beijing) Corp., Ltd. ("Design Company") actively expanded its business areas, initiatively tracked the developmental orientation of hydrogen energy and explored the markets such as energy storage, natural gas power generation, CBM power generation, coal-to-electricity as well as wind power heating with a certain breakthrough in addition to intensive expansion of the traditional areas such as design consultancy markets and EPC markets.

During the reporting period, the Design Company had completed 137 technical service reports, 23 feasibility study reports, 10 microsite selection reports, undertaken the design management works of 21 projects and completed preliminary designs, construction drawing designs and record drawings with a total of 18. 5 exterior design consultancy contracts were signed and became qualified vendor for 3 customers. Also, the Design Company participated in completion of numerous sizable projects' consultancy across hydrogen production, clean heating, foundation project, parity project and poverty alleviating project in favour of preliminary consultancy business. The Design Company paid attention to technical innovation and new business exploration at the same time, finished the first technical report relevant to hydrogen energy utilization and the first monograph report of wind power field's ancillary energy storage project, completed the draft of the 3-year new energy industrial plan in Harbin and kept consolidating knowledgeable reserve and technical reserve over the projects of energy storage, micro-grids, distributed power stations, coal-to-electricity and wind power heating.

Simultaneously, the Design Company was rated AA in corporate credit rating of China Electric Power Planning & Engineering Association and successfully passed the examination of Grade A qualification credit appraisal of the engineering advisory sector of China National Association of Engineering Consultants and will formally receive Grade A qualification credit rating in electricity industrial (Thermal Power, Hydropower, Nuclear Power, New Energy) consultancy.

iv. Financial Leasing, Energy Storage and Incremental Distribution Network Businesses

During the reporting period, relying on distributed wind power and PV power projects, the Group's subsidiary Tianjin Green Energy International Leasing Co., Ltd. ("Leasing Company") was enthusiastic about innovation of business exploration, focused on key business expansion areas, fortified construction and maintenance of channel mechanism and further strengthened self-competence construction as well as financing capability. Concurrently, focuses were on risk control mechanism optimization and risk-responsive competence enhancement with proper level of gearing ratio maintained. In the first half of 2019, Leasing Company newly signed 5 financing lease contracts with 14 financing lease contracts executed.

During the reporting period, the Group continued to be concerned about energy storage technology development and industrial dynamics, actively explored the energy service business model surrounding energy storage. Meanwhile, the Group reviewed the constructional and operational experience of the high-altitude echelon-use energy storage project of power generation side in Tibet Naidong, optimizing the design of power generation side energy storage project, heightening the battery power generation capacity of energy storage project and raising the operational level of energy storage project. During the reporting period, the works of Malta energy storage R&D project that the Group invested in the US were commenced as planned.

During the reporting period, the preliminary substation design of Harbin Comprehensive Bonded Zone incremental distribution network project was completed and each formality will be handled positively in order as planned on an ongoing basis. In the micro-grid project in Lanzhou New District Science and Technology Innovation Park, the construction of power distribution room in the biological complex building was completed with the official approval.

During the reporting period, other business segments of the Group contributed RMB77,024,000 to the Group (1H 2018: RMB45,126,000).

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 development and return for the Group.

（1）Environmental Protection

The Group is committed to making positive contributions to the Group, environment and communities, unswervingly developing clean energy and practicing energy conservation and emissions reduction to protect the natural environment.

The Group's renewable energy power projects such as wind power and PV power generation projects focus on the investments and management in environmental protection, the conservation of water and soil and biodiversity through measures such as increased investment, optimised designs, advanced technologies and intelligent operation as well as strict environmental criteria and requirements in the full life cycle management of power plants. The Group strives to maintain sustainable and healthy 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. In the first half of 2019, part of the Group's operational power plants strengthens environmental protection via the measures such as optimization of sewage treatment system, addition and fixation of water-proof wall as well as drainage pipe. In the course of project construction, in the first half of 2019, through the measures such as optimization of design of water & soil conservation solution and slope treatment to prevent water & soil loss, the Group' water conservation investment was RMB14,732,000. At the same time, low-noise fan was adopted, bird-repelling equipment installed and bird-repelling colour tape smeared to prevent the birds from being hurt. The Group also adheres to the concept of green operation by reducing the emissions and discharge from administrative activities and increasing the efficiency of resources and energy consumption.

Meanwhile, the Group also maintained the exchange and communication with the local government, actively participated in the relevant activities and conferences of safety, environmental protection, fire safety etc. organized by the local government, and actively promoted the relevant knowledge; and, at the same time, produced fire prevention and flood prevention signage, promoted fire prevention and flood prevention around the power plants, and continuously strictly supervised the safety, environment protection, and fire prevention within the area of power plants while strengthening the supervision of the surroundings of power plants.

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

Emissions Reduction by Power Plants

Emissions Reduction Indicators	1H 2019	Accumulated Amount
CO_2（kilotons）	2,768	27,319
SO_2（tons）	911	22,694
NO_X（tons）	876	20,289
Standard Coal Saving（kilotons）	1,083	9,707
Water Saving（kilotons）	4,381	68,831

（2）Compliance

During the reporting period, the Group strictly complied with the relevant standards, laws and regulations on its business, management and labour standards.

（3）Community Responsibility

The Group actively fulfilled its social responsibilities and devoted itself to public welfare undertakings in the society to contribute to the society through various ways, while focusing on the development of clean energy business.

i. Poverty Alleviation and Benevolent Contribution

The Group has been implementing its poverty alleviation in the area where its power plants are set up. Various measures have been adopted for local poverty alleviation and economic development. Our PV project in Yongren, Yunnan is our quick response to China's "Ten Thousand Enterprises help Ten Thousand Villages" targeted poverty alleviation programme. This programme supports the infrastructure construction and the education improvement in some impoverished villages. Over 600 temporary jobs can be offered each year. Public benefit activities, employment recommendation and some other methods have been adopted for overcoming poverty and achieving prosperity. The Group was awarded the「The Demonstration Enterprise of Chuxiong Prefecture」by the United Front Department of the Party Central Committee of Chuxiong Yi Autonomous Prefecture. The poverty-relief PV project implemented in Haixing, Hebei aims to help local poor people in Haixing County with an annual poverty alleviation budget of RMB1.998 Million. The Daoxian Shenzhangtang Plant in Hunan gave aid to local government and villagers to build roads with a donation of over RMB 0.41 million in total. The Wuhe Jindashan Wind Power Plant in Anhui donated RMB 0.5 million to the local government for local infrastructure construction and economic development.

ii. Education and Employment

The Group has been keen on the cooperation with campus. We promote renewable energy education development of China, while promoting local economy, culture, employment, environment development and the sustainable energy.

The Group has entered into a donation agreement with the Education Foundation of North China Electric Power University and set up a scholarship. By the end of the first half of 2019, the total number of students subsidized is 1,177. The school-enterprise cooperative mode of training jointly with a number of colleges and universities launched by the Group's O&M company developed smoothly. 51 students study in the ordering class set up by Ulanqab Vocational College, Hunan Hydroelectric Occupational College and the Group.

(4) Customers and Suppliers Relationship

During the reporting period, the Group has maintained a nice relationship between the customers and suppliers, and there is no material controversy.

During the reporting period, the sales generated by the top five customers of the Group accounted for 71% of the total sales of the period including 21% from the largest customer State Grid Hunan Power Supply Company.

During the reporting period, the Group's procurement amount of five largest suppliers accounted for 95% of total procurement amount for the Year, of which from the largest supplier accounted for 29%. The largest supplier was Envision Energy (Jiangsu) Ltd., which supplied wind power turbines equipment for some of the wind power projects invested by the Group.

IV. HUMAN RESOURCES

(1) Corporate Employees

During the reporting period, the Group implemented an advanced management model to enhance the economic efficacy and adapt to the rapidly developing electricity market, creating more efficient, economic and scientific power plant management. The Group's 4 centralized monitoring and control centres in Hunan, Hubei, Anhui and Tibet came into full operation. Through the further exploration and application of "POWER$^+$" system, the unattended or less-attended intelligent O&M model was commenced, which significantly raised the O&M efficiency and the intelligent level of overhaul, personnel allocation was more streamlined and optimized.

As of 30 June 2019, the Group had 1,433 full-time employees (31 December 2018: 1,493), 158 of whom worked at the Group's headquarters, 360 in project development and management, 744 in O&M, 72 in Energy IoT technology development and 99 in businesses such as design and leasing.

(2) Employees' Development

The Group always upholds its core values of "people-orientation, value creation, working for a better future and striving for excellence". Human resources are the main force of the Group's sustainable development. We have firmly established the concept of is people-oriented, fully coordinated and sustainable development. 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 inspire positive energy, enhance cohesion and build 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. Along with the business development of the Group, the position system and career promotion channels of staff have been continuously improved. Meanwhile, with the continuous efforts made to improve the talents flowing and incentive mechanism and review talent, the Group has precisely made a human resource plan and optimized the talent pipeline and training in order to provide the staff with a more efficient path for their career development and to constantly enhance the organization capabilities of the Group.

(3) Employees' Trainings

Adhered to its commitment to establishing a learning organization, the Group has built and optimized the training curricula in various aspects, including training systems, training courses, training instructors, and training assessment. Based on the online and offline training channels, 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. The Group keeps learning, innovating and improving itself, achieving the common growth of employees and enterprises. It improves the training design and effectiveness through training evaluation. Depending on their own business and employees' needs for their career development, the business departments and subsidiaries of the Group also develop training plans and organize internal and external trainings. In addition, the Group focuses on building an internal team of part-time instructors, developing training courses independently and providing convenient conditions for the employees to pursue learning.

In the first half of 2019, the Group organized the fourth training sessions for back-up management talents, financial personnel, production managers as well as engineering and safety personnel; and trainings regarding the safety management and improvement on performance management skills. The training content covered improvement on management skills, career planning, tax administration, electricity market trading, production management, construction machinery and operational safety management, safety education, performance management, and the Group's management concepts and requirements. The subsidiaries of the Group also developed various kinds of trainings based on their own training plans. As for O&M companies, relevant trainings which covered the safety production skills of employees, operational management and corporate culture were conducted through their own training centres. Meanwhile, the Group also strengthened technological cooperation and communication with industrial partners and sent employees for studying and training. In addition, the Group also encouraged its staff to participate in external trainings actively based on their job content and career development to satisfy their business and development needs.

(4) Caring for Employees

The Group fully puts its values of "people-oriented" into practice. It provides employees with good salaries and benefits as well as development platform. Besides, with an emphasis on the caring of employees, the Group introduces a series of effective measures, including staff physical examinations, staff supplemental medical insurance, festival benefits and employee support. To solve the actual difficulties of employees, it also provides the mutual fund for employees and donation to employees.

In April 2019, an ex-employee of the Group's project company of Anhui branch initiated a personal fundraising campaign on an online donation platform for medical expense. The Group and the Anhui branch therefore made a donation of RMB50,000 and RMB5,000 respectively, and the Group's employees donated over RMB50,000 in total through the fundraising platform. The Anhui branch visited the ex-employee to offer encouragement, donation and care on behalf of the Group and its staff.

With the commitment to providing a safe, healthy and comfortable working environment for its employees, the Group sustains the improvement of office area and working condition, enhances the office environment and corporate image, and puts emphasis on the fire safety management work of the office area. Meanwhile, to promote positive and healthy working and lifestyle, the Group establishes a physical and interest club, builds fitness and sports facilities, and organizes various events such as cycling challenges, family activities and outreach activities, with the aims of improving their health condition, facilitating their communication and enhancing cohesion among employees.

(5) Safety and Health

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

The Group makes efforts in safety management, improving the safety management system and strengthening the staff's safety trainings to enhance their safety knowledge and awareness. In the first half of 2019, the Group further refined and improved the safety management system based on the characteristics of different business segments. It also conducted safety inspections for spring 2019 and safety management trainings. In order to respond to the National theme of "safe production month", the Group organized a series of events themed "safe production week", including themed symposiums, hidden danger investigation and control, emergency drills and warning education. In addition to the above themed weeks, the Group also fully implemented the management philosophy of "safety management by everyone, safety need from everyone" through safety knowledge competition of "Concord New Energy Cup" and first aid trainings, so as to guarantee the employees' health and safety.

Moreover, as the Group takes employees' safety and health as the top priorities in the working process, it has carried out the following safety and health initiatives. For all power plants, the Group prepared well-established safety protection supplies, equipments, and tools in compliance with the power safety requirements. For on-site project staff, the Group organized trainings in emergency response, emergency drills and simulation-based first aid trainings. For employees, the Group arranged them to attend appraisal examination of occupational safety skill. Besides, to improve the water quality and guarantee drinking water safety to the employees of on-site projects, the Group installed water purification equipment in certain booster station units.

V. FINANCIAL RESOURCES AND COMMITMENTS

As of 30 June 2019, the Group held cash and cash equivalents of approximately RMB720,834,000 (31 December 2018: RMB1,366,305,000). The net assets of the Group were RMB5,783,283,000 (31 December 2018: RMB5,546,739,000). The balance of bank and leasing loans of the Group was RMB7,286,655,000 (31 December 2018: RMB7,061,877,000). And the gearing ratio was 68.67% (31 December 2018: 69.88%).

Pledge of Assets

As of 30 June 2019, the buildings and equipments of the Group were pledged to secure a loan balance of RMB3,732,919,000 (31 December 2018: RMB 3,503,839,000).

Contingent Liability

As of 30 June 2019, 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 2018: RMB37,240,000). The outstanding balance of the bank loan of Erlian as of 30 June 2019 was RMB19,731,000 (31 December 2018: RMB31,519,000).

With effective from 27 June 2019, the subsidiaries of the Group provided joint liability guarantees for the debts of Daoxian Century Concord Wind Power Co., Ltd.* (道縣協合風力發電有限公司) ("Daoxian Century Concord") and Daoxian Jingtang Century Concord Wind Power Co., Ltd.* (道縣井塘協合風力發電有限公司) ("Daoxian Jingtang") under the lease contracts. As of 30 June 2019, the total debts of Daoxian Century Concord and Daoxian Jingtang were RMB477,826,000.

Save as mentioned above, there was no material contingent liability of the Group as at 30 June 2019.

Commitments

As of 30 June 2019, the Group had capital commitments of RMB1,499,712,000 (31 December 2018: RMB1,283,819,000), which were not included in the financial statements. The amount included the capital committed to associates that was contracted but not provided of RMB32,460,000 (31 December 2018: RMB61,050,000) and the capital contracted but unpaid for the payment for equipment purchased of RMB1,467,252,000 (31 December 2018: RMB1,222,769,000) by the subsidiaries.

VI. RISK FACTORS AND RISK MANAGEMENT

Risks Associated with Policies

The profits of wind and PV power companies are largely affected by the changes in the policies of the state and the industry. Following the issue and implementation of various policies on grid parity, the directions and policies of "cancellation of subsidies", "market trading," and "grid parity" in the wind power and PV power generation industries have been clarified. Meanwhile, with the improvement on the power trading mechanism in the market, the market scale of traded power volume continues to expand, the electricity price of commissioned plants is therefore 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 future batches remains uncertain. Projects listed in the subsidy catalogue may subject to continuous growth in outstanding amounts. In addition, subsidy may be granted based on the market instead of by the government in a fixed amount upon the implementation of Green Certificate trading, resulting in uncertainties in prices. So far, there were no relevant policies or regulations in this regard. The Group will keep abreast of the policies' direction, exercise sound judgement and prospectively estimate the adverse factors that may exist, so that various measures will be designed to reduce risks, minimizing the risks arising from the changes of policies.

Risks Associated with Climate

The power generation changes with the annual fluctuation of wind and PV resources, which is the primary climatic risk that is faced by the wind power and PV power industry. In addition, extreme weather conditions such as typhoon, freezing, strong sandstorm, haze, and lightning strikes will bring safety risks to wind power and PV power generation companies.

The Group has already completed wind power and PV power generation projects in 17 provinces (cities and autonomous regions) which are into operation. In order to address the risks of annual climate changes, we will continue to optimize the project deployment to further counteract the impact caused by climatic risks. In addition, the Group will increase scientific research and improve design standards in terms of aspects such as turbine type selection and development path program, and fully assess and respond to the impact of climatic factors on the safety and effectiveness of power plants.

Risks Associated with Power Curtailment

Due to the imbalances in the development levels of renewable energy power in different regions, the mismatch between the planning and construction of grid supporting facilitates and that of renewable energy power, as well as the low power load in certain regions, certain regions suffered from curtailment of wind power and PV power to varying extents.

During the reporting period, following the issuance of "Guarantee Mechanism of Renewable Energy Power Consumption" and the removal of wind power monitoring and alert in Jilin and Heilongjiang, the wind power and PV power grid curtailment was further reduced and would maintain a favourable trend. The Group will continue to optimize the project deployment, increase the development and construction in regions without power curtailment and improve the operating level of the equipment and turbines by strengthening equipment management and technology application. With an aim to strive for a sound business environment, the Group will also pay active attention to the industrial policy changes, so as to take advantage of government policies to counter the problem of power curtailment.

Capital Risk

The Group is principally engaged in investment in wind power and PV power plants in the PRC, with relatively high demand for borrowings. The cost and amount of capital will have a direct impact on the Group's operations. 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 optimize capital structure to secure the supply of capital.

Exchange Rate Risk

The Group's business is primarily based in the mainland China with most of its revenue and expenses denominated in Renminbi. Besides, the Group issued dollar bonds. Fluctuations in Renminbi exchange rate will result in foreign exchange losses or gains from the Group's overseas business. In the first half of 2019, the overall stable RMB exchange rate strengthened the ability to counter external shocks. The Group will pay active attention to the fluctuations of exchange rates and take effective measures to hedge exchange rate risks.

VII. PROSPECTS

During the first half of 2019, the implementation of the primary ancillary policies related to Renewable Energy Law of the People' s Republic of China has been completed in main, which guiding the renewable energy industry to a bright prospect. Since the resources in the northern regions were abundant and power curtailment mitigated, the Group timely measured the Northern wind and PV resources, and considered most of the Northern regions are satisfied for the conditions of grid-parity. The Group put more efforts on projects development and speed up the construction progress in northern regions, and all the new construction projects are highly profitable. Afterwards, with wind turbines technology being advanced, PV power modules' price dropping and transformational efficiency heightened as well as enhanced level of industrial scale, centralization and marketization, the era of grid parity of renewable energy has come in advance.

In recent years, the Group has optimized its assets quality, transformed operating model and adjusted its investment strategies with accurate strategies for development and operation. With its largely increased capability, the Group has successfully addressed various changes in the external operating environment. In the second half of 2019, the Group will insist on sparing great efforts in the development of renewable energy's industrial chain, as an investor as well as a service provider of renewable energy field. With focus on practical work and laborious efforts, the Group will continue to pursue the principle of healthy development, concentrating on the strategies involving production safety, accelerating progress in project construction and operation, lowering LCOE, enhancing pre-development, expediting the construction of Energy IoT and intelligent O&M, optimizing asset structure and improving asset quality. Focusing on sustainably innovation relevant to the industry, the Group will strive to achieve the followings:

1. Strengthen the Safety Management and Control to Guarantee Safety and Efficient Production in Power Plants

The Group will continue to improve its safety management system and pay close attention to safety management, so as to achieve safety production. Through measures including special safety inspections and safety supervision and inspection, safety education and training, implementation of accountability system for production safety, the Group will enhance the safety production skills and safety awareness. On top of the above, the Group will further improve the information technology infrastructure of safety management, boosting the efficiency of messaging and handling of safety issues, preventing safety incidents, and thus safeguarding the personal safety and property of the Group and its employees.

2. Accelerate the Project Construction to Guarantee Power Plants' Timely Production and to Assure the Attributable Installed Capacity Steadily Grows

With the accelerated implementation of mechanism of on-grid price deduction, the Group will speed up the progress of the newly commenced and renewed project construction to ensure staged production so as to lessen the impact of on-grid price deduction on power plants' revenue. Based on the external conditions and its resource allocation, the Group will continue to strengthen the project construction and management, optimizing and adjusting the invested construction plan in a timely manner, and thus achieving the goals of project construction. The Group will make continuous efforts in strengthening the planning management and the assessment of boundary conditions for project management at the preparatory stage, and with the implementation of various measures, which include optimizing the design and construction plans, strengthening the management of construction units and investing more resources, the Group will ensure project construction successfully proceeds and comes into production, achieving steady growth of the Group's attributable installed capacity and power plants' revenue.

3. Adjust Deployment and Structure of Development, and Increase Development Efforts in Profitable Grid Parity Projects in the Northern Regions and PV Projects

At this phase, renewable energy technology was advancing while the price of wind turbine equipment and PV modules further declined and the power curtailment in the northern regions further mitigated with the yield of Northern projects that was significantly increased and gradually better than that of Southern projects. The Group considered the timing with the situation in order to adjust its investment strategy, optimize development deployment, and stride up northward and snatch quality resources in the northern regions. Meanwhile, determined to strive for high yield parity projects, competitive bidding projects, distributed projects, the Group facilitated the development of Northern wind power base project. Specialized measures were adopted, resources forcefully captured and resources reserve guaranteed.

4. Adhere to the Strategy of "the Lowest LCOE" to Enhance the Core Competitiveness of the Group

Continuously adhering to the strategy of "the lowest LCOE", the Group will focus on the main business of power generation, enhance refined management and improve the quality of power plant asset management, in order to increase its core competitiveness in the era of competitive bidding and grid parity. By implementing the measures including optimizing designs, applying the latest wind turbines and new technologies, reducing procurement costs and expediting project construction, the Group will be able to effectively control the cost of newly-built power plants and dedicate to lower the direct LCOE of the newly-built projects. Through the application of Energy IoT and technical transformation, the refined management and level of O&M of power plants will be improved. Besides, the Group will increase the availability of the power plants and equipment, thus increasing power generation output, reducing the LCOE of established power plants. By leveraging its capital operation to reduce reliance on the renewable energy subsidies, the Group will be able to improve the operation stability and profitability of power plants.

5. Continuously Develop Energy IoT to Promote the Smart Energy Undertaking

Insisting on the promotion of smart energy management, the Group will step up its efforts in developing products of Energy IoT and continue to advance the development and application of the POWER$^+$ system, so as to realize the integrated smart operating model of "online and offline". Leveraging on the "smart brain" of the POWER$^+$ system, the unattended or less-attended O&M model of power plants and reduction of operation cost of power plants will be realized through measures such as Energy IoT, big data analysis and artificial intelligence to monitor and analyze the equipment of the power plants and implement centralised monitoring for the areas where power plant groups located. In addition, the application of the Group's POWER$^+$ system will expand into fields including distributed PV power plants, poverty alleviation power plants and user energy storage, in order to provide supply and management services of energy and other derivative services.

6. Enhance Asset Operational Management and Optimize Asset Quality and Liability Structure

The Group will continuously improve its ability of sustainable development and risk management, enhance assets operational management via assets and capital operations, strengthen optimization for performance of assets, heighten assets profitability and optimize liability structure, in order to ensure that the gearing ratio of the Group remains at a reasonable level.

7. Actively Explore and Develop New Businesses

The Group will further explore business areas. The Group will explore business models of integrated energy services based on intelligent micro-grids, and accumulate experience in energy storage, establish a technical team in energy storage. The Group will actively explore and upgrade financial leasing business models to promote the development of the Group in the main business of power generation and other businesses including energy storage, O&M as well as Energy IoT. Due concern will be put over hydrogen energy industry.

From now on, the Group will continuously optimize the pool of talents and optimize the incentive system. By promoting development and innovation, the Group will for its improvements in both quality and efficiency, and a world-class renewable energy power generation enterprise, creating more value for our Shareholders and investors and providing more clean energy and services to the society.

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

During the six months ended 30 June 2019, the Group repurchased a total of 70.81 million shares of HK$0.01 each of the Group (the "Shares") on the Stock Exchange. All the repurchased Shares were subsequently cancelled by the Group on 19 July 2019. Details of the share repurchases during the Period are as follows:

	Number of share	Purchase price per share		Aggregate
Period of repurchase	**repurchased (in million)**	**Highest HK$**	**Lowest HK$**	**Amount HK$ (in thousand)**
6 to 31 May 2019	**44.09**	**0.365**	**0.340**	**15,468.0**
3 to 28 June 2019	**26.72**	**0.375**	**0.350**	**9,734.9**
	70.81			**25,202.9**

Save as disclosed above, neither the Group, nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the Period under review.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2019, 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 2018 annual report of the Company issued in March 2019.

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 2019.

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 2019 have been reviewed by the Audit Committee.

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

Hong Kong, 1 August 2019

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. Wang Feng (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).