CONCORD NEW ENERGY

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Concord New Energy Group Ltd. (0182.hk)

—— **An Experienced Wind & Solar Developer and Operator**

2019 Interim Results Presentation

1th Aug. 2019

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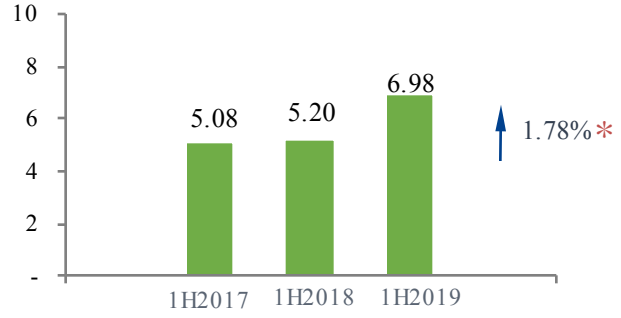
1H2019 Financial Summary

	Unit: RMB	As of 30th June 2019	As of 31th Dec 2018	Change
Balance Sheet	Net Assets	5,783.28 mil	5,546.74 mil	+4.26%
	Cash and Cash Equivalent	720.83 mil	1,366.31 mil	-47.24%
	Unit : RMB	**As of 30sth June 2019**	**As of 30th June 2018**	**Change**
Consolidated P&L	Revenue	963.35 mil	809.61 mil	+18.99%
	Profit Attributable to Owners of the Company	399.23 mil	275.71 mil	+44.80%
	Fully Diluted EPS	4.54 cents	3.19 cents	+42.32%
Segment Revenue	**Power Generation[1]**	**886.33 mil**	**627.48 mil**	**+41.25%**
	Others	77.02 mil	182.13 mil	-57.71%
Segment Result[2]	**Power Generation**	**601.48 mil**	**458.29 mil**	**+31.24%**
	Others	0.6 mil	5.06 mil	-88.14%

1. *Power generation revenue from consolidated power plants*
2. *The Segment Result are the earnings before interest and tax and disposal gain. The power generation includes the power generation, URP release, deferred tax contribution and shared profits of joint ventures.*

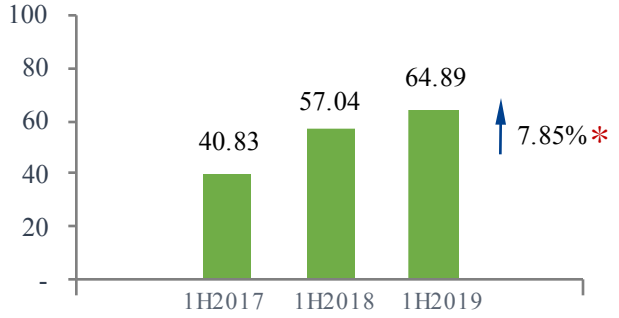
Profit Indicators Steadily Increased , Debt Ratio Efficiently Controlled

Return on Equity （%）



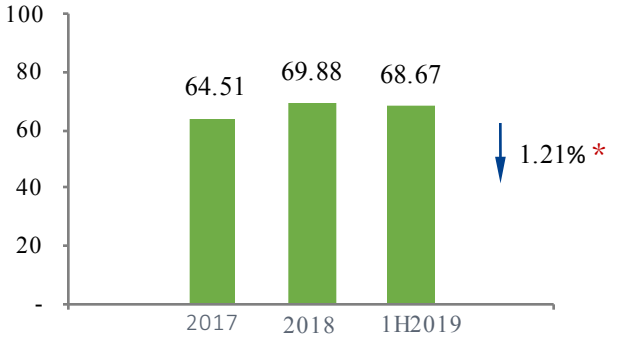
*Change% between 1H2019 & 1H2018

Gross Margin （%）



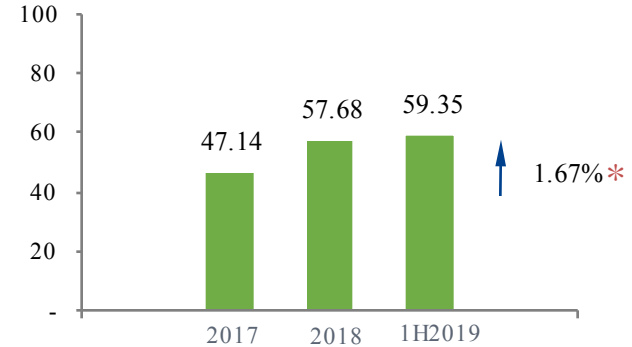
*Change% between 1H2019 & 1H2018

Assets Liability Ratio * （%）



*Assets Liability Ratio=Total Liability/Total Assets
*Change% between 1H2019 & 2018

Net Gearing Ratio * （%）



* Net Gearing Ratio=Net Debt/(Net Debt + Total Equity)
*Change% between 1H2019 & 2018

Power Plants Construction Proceed Steadily

- 2,205MW attributable capacity is in operation and wind power plants accounts for 85.8%
- 933MW projects are under construction, all of which are smoothly proceeded according to the Group's construction plan and will be in operation orderly

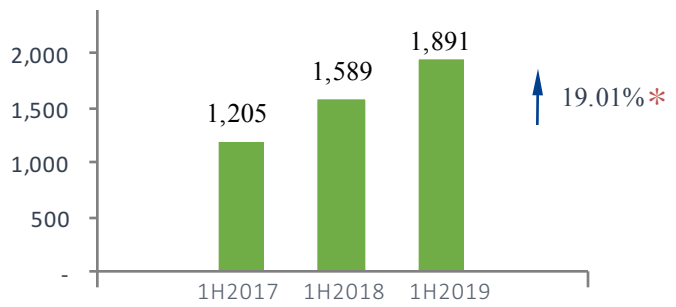
	As of 30sth June 2019	As of 30th June 2018	Change Rate
Operational Attributable Installed Capacity	**2,205MW**	**1,902MW**	**15.93%**
Wholly-owned Wind Power Plants	1,212MW	934MW	29.76%
Associates and JV Wind Power Plants	679MW	655MW	-
Wholly-owned PV Power Plants	303MW	302MW	-
Associates and JV PV Power Plants	11MW	11MW	-

Power Generation Operational Indicators Keep at High Level

Operational Indicators	As of 30th June 2019	As of 30th June2018	Change Rate
Weighted Average Utilization Hours			
Wind Plants (attributable)	1,189 Hours	1,190 Hours	-0.1%
Wind Plants (wholly-owned)	1,240 Hours	1,297 Hours	-4.4%
PV Plants (attributable)	813 Hours	710 Hours	14.5%
PV Plants (wholly-owned)	806 Hours	688 Hours	17.2%
Weighted Average Tariff (traded power adjustment considered)			
Wind Plants (attributable)	0.5519/kWh	0.5673/kWh	-2.71%
Wind Plants (wholly-owned)	0.5932/kWh	0.5965/kWh	-0.55%
PV Plants (attributable)	0.9616/kWh	0.9509/kWh	1.13%
PV Plants (wholly-owned)	0.9301/kWh	0.9313/kWh	-0.13%
Total Attributable Average Grid Curtailment	4.1%	5.4%	Drop 1.3 percentage
Wind Plants (attributable)	3.9%	4.5%	Drop 0.6 percentage
Wind Plants (wholly-owned)	2.1%	0.0%	Increase 2.1 percentage
PV Plants (attributable)	7.1%	15.0%	Drop 7.9 percentage
PV Plants (wholly-owned)	7.8%	16.5%	Drop 8.7 percentage

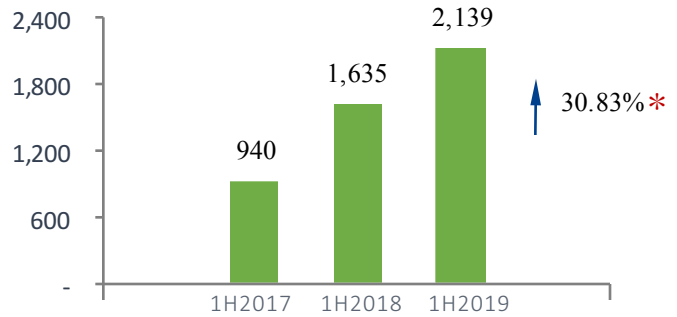
Significant Growth in Installed Capacity and Power Generation

Attributable Wind Power Capacity(MW)



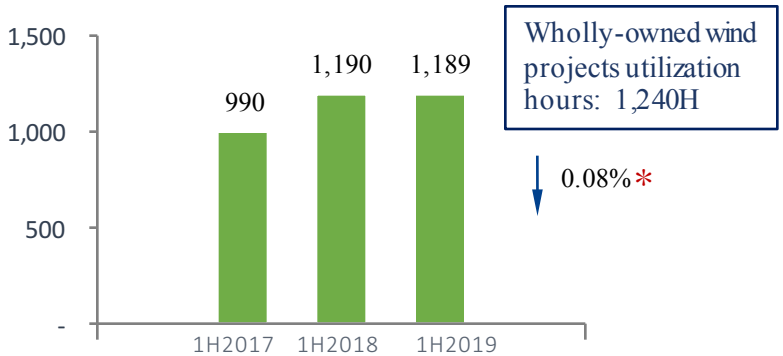
*Change% between 1H2019 & 1H2018

Attributable Wind Power Generation Output(GWh)



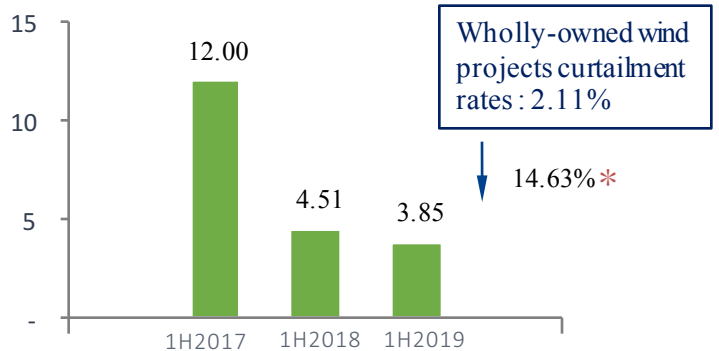
*Change% between 1H2019 & 1H2018

Wind Plants Utilization Hours



*Change% between 1H2019 & 1H2018

Average Wind Power Curtailment Rates (%)



*Change% between 1H2019 & 1H2018

Sufficient Wind Pipeline with Secured Tariff Ensures the Future Sustained Growth

- **895MW wind projects had been approved or listed in the provincial construction plan with fixed tariff***
- **Rich reserve of wind power projects with secured tariff will ensure the company's sustained growth**

No.	Project	Province	Status	Capacity (MW)	Tariff (RMB/kWh)
1	Xuwulin	Hebei	Approved	48	0.5
2	Baimangying	Hunan	Approved	48	0.6
3	Fanshi	Shanxi	Approved	100	0.6
4	Bozhou Qiaodong	Anhui	Approved	50	0.6
5	Mengzhuling	Hunan	Approved	50	0.6
6	Longquan	Hubei	Approved	30	0.6
7	Shangcheng	Henan	Approved	50	0.6
8	Daquan	Hubei	Approved	70	0.6
9	Daquan II	Hubei	Approved	60	0.57
10	Yushan II	Hubei	Approved	89	0.57
11	Bozhou Qiaobei	Anhui	Approved	100	0.57
12	Guazhou Anbei	Gansu	Approved	200	0.45
			Total	**895**	

* *On 18th May 2018, NEA announced that the wind power projects shall be allocated through competitive bidding. Wind projects which have not been approved or included in the provincial construction plan of 2018 and former years shall all be allocated and determined through competitive bidding. Previous projects which had been approved or included in the provincial construction plan will continue to receive existing FIT for the project life.*

Breakthrough in Profitable Parity Wind Projects Development

- **7 projects (641MW) were listed in "List of 1st Batch of Wind and Solar On-grid-Parity Projects For 2019" announced by NDRC and NEA, including 6 wind projects(596MW) and 1 solar project (distributed trading pilot project, 45MW)**
- **A number of profitable parity projects will be in operation orderly and company will gradually get rid of the dependent on subsidy**

Projects	Province	Wind/Solar	Capacity (MW)
Yilan Dongsheng	Heilongjiang	Wind	200
Fangzheng Tuanjie	Heilongjiang	Wind	50
Tongyu	Jilin	Wind	198
Jianghua Baimangying II (Dongda)	Hunan	Wind	48
Jianghua Mengzhuling II (Huilong)	Hunan	Wind	50
Jianghua Mengzhuling III (Jinbi)	Hunan	Wind	50
Tianjin distrubuted Trading Pilot Project	Tianjin	Solar	45
		Total	**641**

Company Overview

Concord New Energy Group Limited (0182.hk)

- Total Assets: 18.46bn
- Net Assets：5.78bn
- Net Profit：0.40 bn

(As of 30th June 2019 Unit: RMB)

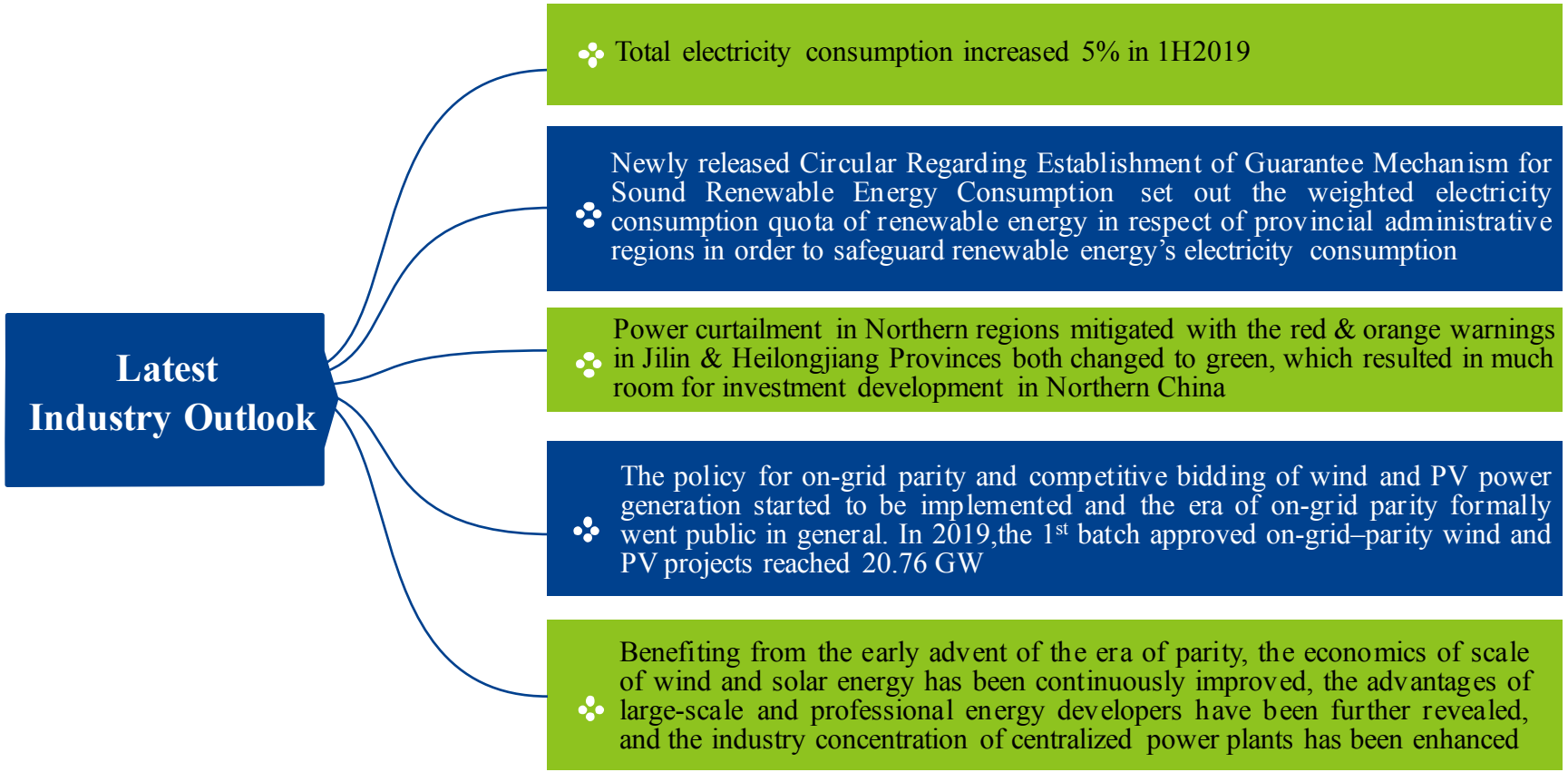
Power Generation

- Owns and operates 74 wind power plants (attributable capacity 2,205MW)
- Focusing on the investment in wind and solar projects

Other Businesses

- Consultation & Design
- Engineering Construction and Equipment Procurement
- Professional O&M, Intelligent Energy
- Energy Storage and Electricity Ancillary Service
- Finance Lease

Latest Industry Outlook



Latest Company Outlook

1. Attributable power generation significantly increased of 29.03% compared with last year and the power generation of wholly-owned wind power plants represented a year-on-year significantly increase of 52.67% ; the weighted average utilization hours of wind power plants was 1,189H and 1,240H of wholly-owned wind power plants
2. Breakthrough in parity projects development, 7 projects (641MW) were listed in the List of 1st Batch of Wind and Solar On-grid-Parity Projects For 2019, including 6 wind projects(596MW) and 1 solar project (45MW); moreover, 8 distributed wind projects (114.9MW) were listed in the annul development and construction plan
3. Total 933MW projects are under construction and will be orderly into operation, of which 7 projects (394MW) are ongoing projects and 4 projects (539MW) are newly-commenced
4. Withdrew convertible loan agreement from GOLDMAN SACHS; to implement the "build and transfer" strategy, company sold 75% equity of two grid-connected wind projects with total attributable capacity of 72MW to China Renewable Energy Fund
5. Continued optimizing the development and operation of POWER $^{+}$ 3.0, intelligent patrol inspection system "Yixun" and asset management system (EAM); realized lifecycle digital intelligent asset management and improved operational indicators of power plants, and reduced the LCOE of power plants
6. Enhanced the operation and management standard , controlled cost and optimized staffing

Development Strategy and Prospects

- Strengthen the safety management and control to guarantee safety and efficient production in power plants
- Accelerate the project construction to guarantee power plants' timely production and to assure the attributable installed capacity steadily grows
- Adjust deployment and structure of development, and increase development efforts in profitable grid parity projects in the northern regions and PV projects
- Adhere to the strategy of "the lowest LCOE" to enhance the core competitiveness of the Group
- Continuously develop Energy Internet of Things to promote the smart energy undertaking
- Enhance asset operational management and optimize asset and liability structure
- Actively explore and develop new businesses

The Lowest LCOE Strategy

Firmly implementing the principle of "the lowest LCOE" as the Group's core competitiveness in the era of grid parity

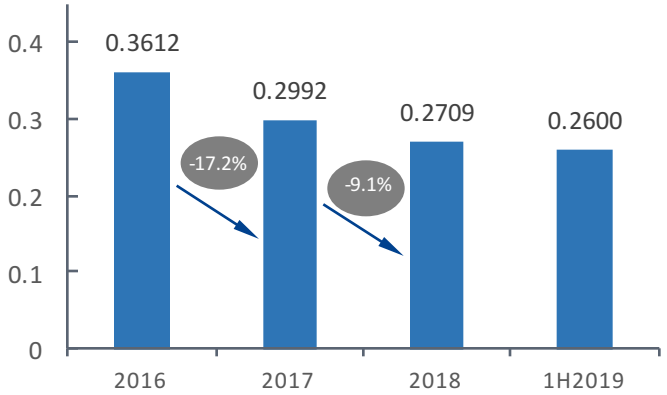
I : To improve the project development quality, invest in the profitable projects

II : Actively tracking and applying new technologies, new turbine types, and new processes in the construction of the Group's invested projects and build high-quality, high-efficiency power plants

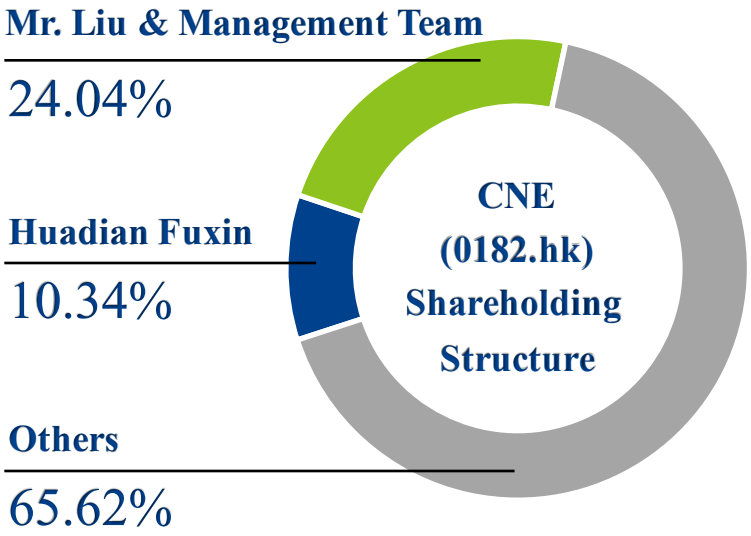
III : Comprehensively promote the application of energy internet in power plants operation, providing the refined management, implementing few or no one on duty, to increase power generation efficiency and reduce the operation and management cost

IV: Optimizing the asset structure through capital operation, improving the asset quality of power plant

LCOE of Wholly-owned Wind Power Plants（RMB/kWh）



Stable Shareholder Structure, Professional Management Team



Executive Directors

Mr. Liu Shunxing, Chairman – an Executive Director of China Energy Council. He once worked in NDRC and China Energy Conservation Investment Corporation

Ms. Liu Jianhong, Vice Chairperson – former Chief Legal Officer of China Energy Conservation Investment Corporation, possessing over10 years of experiences in renewable energy industry

Mr. Yu Weizhou, CEO – former Deputy Chief Engineer of Guohua Energy Investment Ltd. Also previously served at State Electricity Regulatory Commission of the PRC (SERC) and the Nation's Electric Dept

Mr. Niu Wenhui, CFO – has over 20 years of financial management experience. He was the Vice President of China Ruilian Industry Group and CFO of Rainbow Group Shenzhen Branch

Mr. Gui Kai, Vice President – has more than 20 years experience in power system. He was General Manager of Shenhua Trading Group and vice general manager of Guohua Energy Investment Co., Ltd

Mr. Shang Li, CTO – holds a Ph. D degree in Princeton University, USA. He was formerly the Chief Architect and Vice President of Intel China Research and an Associate Professor in University of Colorado

Professional and Experienced Management Team

Non-Executive Director

Mr. Wang Feng—holds a Master degree in North China Electric University. He is currently works for Huadian Fuxin Energy Limited Company as Director of Planning and Investment Department

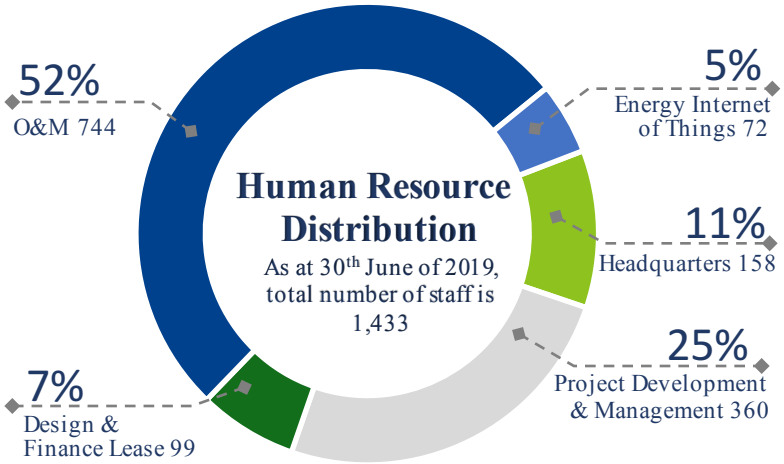
Independent Non-Executive Director

Mr. Yap Fat Suan, Henry – fellow Member of the Institute of Chartered Accountant in England and Wales and an Associate Member of Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of DVN (Holdings) Limited

Ms. Huang Jian – holds a Marster degree in Central University of Finance and Economics. She is currently a partner of Ruihua Certified Public Accountants

Dr. Jesse, Zhixi Fang– holds a doctor degree in University of Nebraska-Lincoln. He was the global vice president of Intel and founded Intel Labs China, ILC as its first dean

Mr. Zhang Zhong– holds a Master degree in Renmin University of China. He is currently a partner of Zhong Lun Law Firm



Other Management Team

Mr. Jiang Yingjiu, Vice President — Joined the company in 2006, he had worked for Beijing Municipal Commission of Housing and Urban-Rural Development and China Energy Conservation Investment Corporation

Mr. Shang Xuelian, Vice President — Joined the company in 2008, he had worked for Shandong Lubei Enterprise Group Limited

Mr. Ma Suoming, Vice President — Joined the company in 2015, he had worked for dispatch center of National Grid

Mr. Wang Xigang, Vice, President — Joined the company in 2009, he had worked for AVIC

Mr. Zhang Jianfeng, Vice, President — Joined the company in 2011, he had worked for Sino-i Technology Limited

CONCORD NEW ENERGY

Appendix

Summary of Financial Statement

P&L(RMB'000)	1H2019	1H2018
Revenue	963,349	809,609
Cost of sales and services rendered	(338,228)	(347,803)
Gross profit	625,121	461,806
Other income	15,846	11,329
Other gains and losses, net	17,126	(22,515)
Expense		
Distribution and selling expenses	(3,329)	(2,939)
Administrative expenses	(127,407)	(99,718)
Finance costs	(198,681)	(140,350)
Share of profit of joint ventures	89,042	83,578
Share of profit of associates	12,807	11,646
Profit before income tax	430,525	302,837
Income tax expense	(26,932)	(19,099)
Profit for Reporting Period	403,593	283,738
Profit attributable to:		
Owners of the Company	399,232	275,713
Non-controlling interests	4,361	8,025

Asset (RMB'000)	1H2019	1H2018
Current assets	3,398,051	3,566,432
Non-current assets	15,062,810	14,846,376
Total assets	18,460,861	18,412,808
Current liabilities	(3,110,946)	(3,463,929)
Non-current liabilities	(9,566,632)	(9,402,140)
Total liabilities	(12,677,578)	(12,866,069)
Net current assets	287,105	102,503
Net Asset	5,783,283	5,546,739
Share Capital	73,717	74,049
Reserves	5,688,488	5,444,179

Cash Flow ('000)	1H2019	1H2018
Net cash from operating activities	406,734	322,964
Net cash used in investing activities	(779,698)	(980,657)
Net cash from financing activities	(280,340)	1,625,505
Net increase/(decrease) in cash and cash equivalents	(653,304)	967,812
cash and bank balances	720,834	2,040,056

Total Liability	12,677,578
Liability with Interest	9,165,464
Weighted Average Cost	5.41%
Medium and Long Term Borrowing (>5Years)	6,858,712

Significant Growth in Power Generation Revenue and Net Profit

In 1H2019, the proportion of revenue from power generation business reached 92%

	Power Generation Revenue（RMB'000）			Attributable Power Generation Net Profit（RMB'000）			Attributable Power Generation Output (GWh)		
	1H 2019	1H 2018	Change Rate	1H 2019	1H 2018	Change Rate	1H 2019	1H 2018	Change Rate
Total Wholly-owned Power Plants	**886,325**	**627,482**	**41.3%**	**410,246**	**290,051**	**41.4%**	**1,649.7**	**1,132.0**	**45.7%**
Wholly-owned Wind Power Plants	678,636	449,589	50.9%	337,782	235,696	43.3%	1,395.1	913.8	52.7%
Wholly-owned PV Power Plants	207,689	177,893	16.7%	72,464	54,355	33.3%	254.6	218.2	16.7%
Total Associates and JV Power Plants	-	-	-	**101,849**	**95,224**	**7.0%**	**753.3**	**730.3**	**3.2%**
Associates and JV Wind Power Plants	-	-	-	96,643	90,735	6.5%	743.7	721.2	3.1%
Associates and JV PV Power Plants	-	-	-	5,206	4,489	16.0%	9.6	9.1	5.5%

Remark: Attributable Net Profit refers to the sum of net profit of power plants based on attributable calculation. The income of associates and JV power plants are not consolidated.

Regional Statistic Data of Power Plants in Operation

Attributable Power Generation (GWH)

Business Segments and Regions	Attributable Power Generation in Total			Wholly-owned Power Plants		
	1H2019	1H2018	Change Rate	1H2019	1H2018	Change Rate
Wind Power	**2,138.8**	**1,635.0**	**30.8%**	**1,395.1**	**913.8**	**52.7%**
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%
Southernwestern China	143.6	105.7	35.9%	143.6	105.7	35.9%
PV Power	**264.2**	**227.3**	**16.2%**	**254.6**	**218.2**	**16.7%**
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%
Southernwestern 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%**

Attributable Installed Capacity (MW)

Business Segments and Regions	Power Plants of the Group			Wholly-owned Power Plants		
	1H2019	1H2018	Change Rate	1H2019	1H2018	Change Rate
Wind Power	**1,891**	**1,589**	**19.0%**	**1,212**	**934**	**29.8%**
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%
Southernwestern China	80	80	0.0%	80	80	0.0%
PV Power	**314**	**313**	**0.3%**	**303**	**302**	**0.3%**
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%
Southernwestern 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%**

Wind Projects in Operation

2,857MW-total capacity ; 1,891MW-attributable capacity

Associates and JV Projects: 679MW attributable installed capacity

Year	Projects	Regions*	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Attributable Capacity
2006	Chantu Phase I	NE	Liaoning	50.25	25%	0.64	12.56
2008	Taiqi Phase I	N	Inner Mongolia	49.5	49%	0.52	24.26
2008	Erlianhaote Phase I	N	Inner Mongolia	21	49%	0.52	10.29
2009	Linchang Phase I	NE	Jilin	49.5	49%	0.61	24.26
2009	Mazongshan	NE	Liaoning	49.5	24.50%	0.61	12.13
2009	Qujiagou	NE	Liaoning	49.5	24.50%	0.61	12.13
2009	Zhaqi Phase I	N	Inner Mongolia	49.5	49%	0.54	24.26
2009	Heiyupao Phase I	NE	Jilin	49.5	49%	0.61	24.26
2010	Wuchuan	N	Inner Mongolia	49.5	46%	0.51	22.77
2010	Huadeng Phase I	N	Inner Mongolia	49.5	32%	0.54	15.84
2010	Huadeng Phase II	N	Inner Mongolia	49.5	32%	0.54	15.84
2010	Zhalute Phase II	N	Inner Mongolia	49.5	32%	0.54	15.84
2010	Zhalute Phase III	N	Inner Mongolia	49.5	32%	0.54	15.84
2010	Guazhou	NW	Gansu	201	51.50%	0.52	103.52
2011	Touzhijian	N	Inner Mongolia	49.5	51%	0.51	25.25
2011	Kailu	N	Inner Mongolia	49.5	32%	0.54	15.84
2011	Maniuhu	NE	Liaoning	49.5	30%	0.61	14.85
2011	Gulibengao	NE	Liaoning	49.5	30%	0.61	14.85
2012	Heiyupao Phase III	NE	Jilin	49.5	32%	0.58	15.84
2012	Heiyupao Phase IV	NE	Jilin	49.5	32%	0.58	15.84
2012	Tianchang	E	Anhui	48	49%	0.62	23.52
2013	Chaoyang Wanjia	NE	Liaoning	49.5	30%	0.61	14.85
2013	Guanshan	E	Anhui	48	49%	0.61	23.52
2013	Suzhou Fuli	E	Anhui	48	49%	0.61	23.52
2013	Jianghua	CS	Hunan	48	59%	0.61	28.32
2014	Zilingpu	CS	Hubei	48	59%	0.61	28.32
2014	Huolonggang	CS	Henan	49.5	59%	0.61	29.21
2014	Yantai Gaotong	E	Shandong	48	49%	0.61	23.52
2016	Lingshan	E	Anhui	48	49%	0.61	23.52
2018	Shenzhagtang	CS	Hunan	48	25%	0.61	12
2018	Jingtang	CS	Hunan	48	25%	0.6	12

Wholly-owned Projects: 1,212MW attributable installed capacity

Year	Projects	Regions*	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Attributable Capacity
2015	Feixi	E	Anhui	34	100%	0.61	34
2015	Dongtian	CS	Hunan	48	100%	0.61	48
2016	Jiepai	CS	Hunan	48	100%	0.61	48
2016	Jiagou	E	Anhui	48	100%	0.61	48
2016	Cangfang	SW	Yunnan	48	100%	0.61	48
2016	Fuchuan Shijia	CS	Guangxi	48	100%	0.61	48
2016	Fuchuan Chaodong	CS	Guangxi	48	100%	0.61	48
2016	Bainijing	SW	Yunnan	32	100%	0.61	32
2016	Nanzhao	CS	Henan	100	100%	0.61	100
2017	Wuhe	E	Anhui	48	100%	0.6	48
2017	Qiaotoupu	CS	Hunan	48	100%	0.6	48
2017	Tongdao Linkou	CS	Hunan	48	100%	0.6	48
2017	Yangjiawan	CS	Henan	48	100%	0.6	48
2017	Xinzao	CS	Guangxi	48	100%	0.6	48
2017	Hongtang	CS	Hunan	48	100%	0.6	48
2017	Chuansu	CS	Hunan	48	100%	0.6	48
2017	Shangjingshan	CS	Hubei	48	100%	0.6	48
2018	Tianchang II	E	Anhui	48	100%	0.6	48
2018	Huayuan	CS	Henan	100	100%	0.6	100
2018	Yushan	CS	Hubei	48	100%	0.61	48
2018	Zaoyang	CS	Hubei	47	100%	0.61	47
2018	Lixi	CS	Hubei	48	100%	0.6	48
2018	Jindashan	E	Anhui	50	100%	0.6	50
2018	Qinshan	E	Anhui	33	100%	0.6	33

* *NE- Northeastern China, N-Northern China, NW-Northwestern China, E-Eastern China, CS-Central Southern China, SW-Southwestern China*

PV Projects in Operation

332MW-total installed capacity; 314MW-attributable installed capacity

Year	Projects	Regions *	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Attributable Capacity
Associates and JV Projects: **10.78MW** attributable installed capacity							
2011	Suqian	E	Jiangsu	8.88	49%	2.4	4.35
2015	Zhaer	N	Inner Mongolia	20	32.16%	0.95	6.43
Controlled Projects: **303.02MW** attributable installed capacity							
2011	Wuwei	NW	Gansu	9	100%	1.15	9
2012	Hawaii(Hoko)	——	US	0.9	80%	USD 0.44 (2-3% increase/Y)	0.72
2013	Yongren	WS	Yunnan	50	100%	1	50
2013	Wisconsin(Jefferson)	——	US	1	100%	USD 0.21 (1% increase/Y)	1
2014	Naidong	WS	Tibet	20	100%	1.15	20
2014	Pingyuan	E	Shandong	40	100%	1.2	40
2015	Indiana	——	USA	10	100%	USD 0.20	10
2015	Huaping	WS	Yunnan	50	100%	0.95	50
2015	Eryuan	WS	Yunnan	30	100%	0.95	30
2015	Yanyuan	WS	Sichuan	30	100%	0.95	30
2015	Rhode Island(Johnston)	——	USA	1.5	100%	USD 0.175	1.5
2015	Rhode Island (North kingstown)	——	USA	0.5	100%	USD 0.19	0.5
2016	Ohio(Minster)	——	USA	4.3	100%	USD 0.07 (2% increase/Y)	4.3
2017	Cuomei	WS	Tibet	20	100%	1.15	20
2017	Haixing	N	Hebei	20	100%	1.18	20
2017	Jiangzi	WS	Tibet	15	100%	1.15	15
2018	Haerbin	NE	Heilongjiang	1	100%	0.7012	1

* *NE- Northeastern China, N-Northern China, NW-Northwestern China, E-Eastern China, CS-Central and Southern China, WS-Western and Southern China*

Parity Wind Power Plant Economics (Tongyu Project)

Wind Power Plant Economics Assumptions:

1. Capacity of wind farm = 198MW
2. Utilization Hours = 3,800hours
3. Tariffs = RMB0.3731/kWh (include VAT)
4. Total Investment = RMB 1.4553bn (RMB7.35/W)
5. Project Financing Ratio：70%
6. Interest rate = 5.41%
7. Bank Loan Term = 10 Years
8. VAT for CAPEX offset by VAT for power sales

Project Income Statement:

(in RMB mil)		Year 0	Year 1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year 10
Net Electricity tariffs (exclude VAT)			24,843	24,843	24,843	24,843	25,531	26,457	26,457	26,457	26,457	26,457
VAT Refund			-	-	-	-	688	1,615	1,615	1,615	1,615	1,615
Total revenue			24,843	24,843	24,843	24,843	25,531	26,457	26,457	26,457	26,457	26,457
Depreciation	(a)	20Years	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211
O & M costs			405	417	430	443	456	610	628	647	667	687
Repair costs			78	78	79	79	80	185	189	412	196	200
Others			125	125	125	125	125	125	125	125	125	125
Operating expense			140	144	149	153	158	162	167	172	177	183
Total			6,959	6,975	6,994	7,011	7,030	7,293	7,320	7,567	7,376	7,406
Operating profit			17,884	17,868	17,849	17,832	18,501	19,164	19,137	18,890	19,081	19,051
Loan balance at end of the year		10Years 101,871	96,777	86,590	76,403	66,216	56,029	45,842	35,655	25,468	15,281	5,094
Interest expense		10Years 5.41%	5,373	4,960	4,409	3,858	3,307	2,756	2,204	1,653	1,102	551
Profit before tax			12,510	12,907	13,441	13,974	15,058	16,086	16,610	16,914	17,656	18,178
Tax			-	-	-	2,229	2,296	2,355	4,704	4,642	4,690	4,682
Profit after tax	(b)		12,510	12,907	13,441	12,227	13,175	14,075	12,458	12,685	13,242	13,634
Capital		43,659										
VAT offset	(c)		3,230	3,230	3,230	3,230	1,853	-	-	-	-	-
Loan repayment	(d)	10Years -	5,094	10,187	10,187	10,187	10,187	10,187	10,187	10,187	10,187	10,187
Cash Flow	(a)+(b)+(c)-(d)	-43,659	14,552	12,162	12,695	11,482	11,054	10,112	8,483	8,711	9,268	9,659
20-year equity IRR		28.51%										
20-year project IRR		15.17%										
LCOE (RMB/kWh)		0.1862										
ROE			29.00%	30.00%	31.00%	28.00%	30.00%	32.00%	29.00%	29.00%	30.00%	31.00%

CAUTION : The numbers above are hypothetical numbers illustrating a sample financial model for a wind farm in Hunan. Such numbers do not derive from any wind power plant in which CNE has invested or plan to invest.

Parity Wind Power Plant Economics (sample)

Assumptions: Tariff =Desulfurization Coal-fire Benchmark tariff, actual settlement tariff by the Power Grid Corp

1. Capacity = 48MW 2. Tariffs = Desulfurization Coal-fire Benchmark tariff	3. Project Financing Ratio：70% 4. Interest rate = 5.41%	5. Bank Loan Term = 10 Years 6. VAT for CAPEX offset by VAT for power sales

Project Cash Flow

Province	Benchmark tariff (RMB)	Utilization (Hours)	Investment (RMB/kW)	Equity IRR	Cash Flow（in: RMB）										
					Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year 10
Jilin	0.3731	3,500	6,500	26.27%	-9,360	2,020	2,129	3,240	2,466	2,560	2,364	1,776	1,808	1,932	2,010
Helongjiang	0.374	2,800	6,500	16.58%	-9,360	882	991	1,895	1,364	1,458	1,513	1,261	944	1,069	1,146
Hunan	0.45	2,500	6,900	17.24%	-9,936	1,020	1,136	2,109	1,530	1,630	1,691	1,375	1,075	1,205	1,288
Hubei	0.4161	2,400	6,900	13.17%	-9,936	464	580	1,452	990	1,090	1,152	1,014	895	783	866

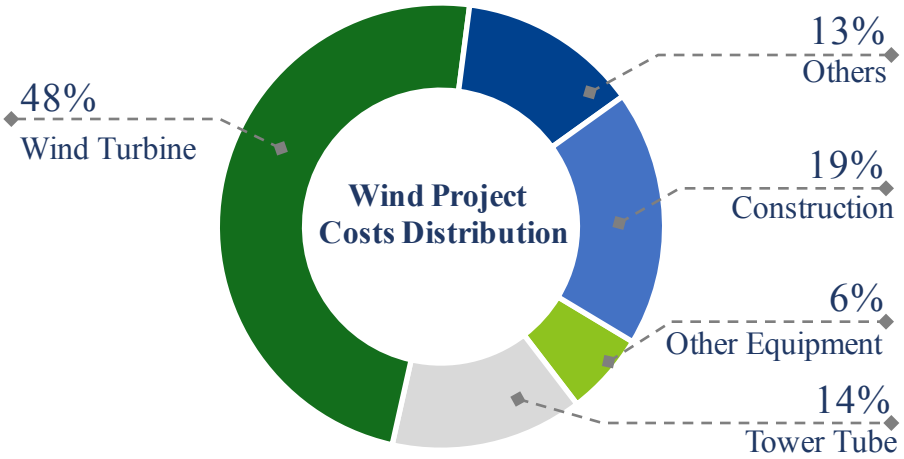
Wind power projects are much less relied on subsidies than PV and the cash flow will be positive without subsidies

CAUTION：The numbers above are hypothetical numbers illustrating a sample financial model for a wind farm in China. Such numbers do not derive from any wind power plant in which CNE has invested or plan to invest.

Wind Power Plant Economics Analysis(Tongyu Project)

Sensitivity/ Scenario Analysis:

Scenario (assuming other factors held constant)	Impact on 1st Year Profit	Impact on IRR (Compared with 28.51%)	Equity IRR	Current Level
Utilization Hours dropped by 200 hours	-RMB 13.07mil	-2.85%	25.66%	3500-3900 hours
Interest rate increased by 0.50% to 5.91%	-RMB 4.96mil	-0.75%	27.76%	4.9-5.9%
Project Cost Decreased to RMB 6,900/kW	+RMB 7.16 mil	3.53%	32.04%	RMB 6.4－7.4 RMB/watt



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Thank you for your Interest in CNE

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Please feel free to contact us for any inquiries:

Joe Zhou
Investment Director
Tel: 0086-15910682531
0086-10-88317833
Email: zhouxl@cnegroup.com

Sally Yang
Capital Operation Director
Tel: 0086-18611483561
0086-10-88314829
Email: yangyingl@cnegroup.com