

Concord New Energy Group Ltd.(0182.hk)

An Experienced Wind & Solar Developer and Operator

2018 Interim Results Presentation

7th Aug 2018



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CNC E CONCORD NEW ENERGY **1H2018 Financial Summary**

2018 Interim Results Presentation

	Unit : RMB	As of 30 th June 2018	As of 31 th Dec 2017	Change
	Net assets	5,457.06 mil	5,255.15 mil	+3.84%
Balance Sheet	Cash and cash equivalent	2,040.06 mil	1,110.80 mil	+83.66%
	Liability/Asset ratio (Total Liabilities divided by Total Assets)	68.26%	64.51%	+3.75%
	Unit : RMB	As of 30 ^{sth} June 2018	As of 30 th June 2018	Change
	Revenue	809.61 mil	594.12 mil	+36.27%
Consolidated P&L	Profit Attributable to Owners of the Company	275.71mil	269.37mil	+2.35%
	Fully diluted EPS	3.19 cent	3.13 cent	+1.92%
	Power generations ¹	627.48mil	350.69 mil	+78.93%
Segment Revenue	EPC	137.00 mil	205.06 mil	-33.19%
	Others	45.13 mil	38.36 mil	+17.65%
	Power generations	458.29 mil	262.57 mil	+74.54%
Segment Result ²	EPC	-8.26 mil	-12.54 mil	
	Others	13.32 mil	10.55 mil	+26.26%
	Core business profit	303.48mil	123.09mil	146.56%

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.



		As of 30 th J	June 2018	As of 30 th	June 2017	Cha	nge
		Total	Equity	Total	Equity	Total	Equity
Power Plant Investment	Total capacity in operation -Wind plants - PV plants	2,814MW 2,483MW 331MW	1,902MW 1,589MW 313MW	2,415MW 2,099MW 316MW	1,503MW 1,205MW 298MW	+16.52% +18.29% +4.75%	+26.55% +31.87% +5.03%
in vestment	Total newly added capacity - Wind plants - PV plants	96MW 96MW 0MW	96MW 96MW 0MW	136MW 96MW 40MW	136MW 96MW 40MW	-29.41% 0% 	-29.41% 0%
	<u>Total Attributable Generation Output</u> Weighted Average utilization hours of wind plants (attributable) Weighted Average utilization hours of wind plants (consolidated) Weighted Average utilization hours of PV plants (attributable) Weighted Average utilization hours of PV plants (consolidated)	1,	862.32GWh 1,190 hours 1,297 hours 710 hours 688 hours	1,	201.05GWh 990 hours 1,101hours 727 hours 713 hours		+55.06% +20.20% +17.80% -2.34% -3.51%
Power Generation Output	<u>Weighted Average Tariff (traded power adjustment considered)</u> -Wind plants (attributable) -Wind plants (consolidated) -PV plants (attributable) -PV plants (consolidated)	() () ()	0.5673/kWh 0.5965/kWh 0.9509/kWh 0.9313/kWh		0.5566/kWh 0.5791/kWh 0.9976/kWh 0.9679/kWh	+1.92% +3.00% -4.68% -3.78%	
	<u>Total Attributable Average Grid Curtailment</u> Curtailment of wind plants (attributable) Curtailment of wind plants (consolidated) Curtailment of PV plants (attributable) Curtailment of PV plants (consolidated)		5.07% 4.51% 0.00% 15.00% 16.52%		8.95% 12.00% 0.23% 3.46% 3.83%		-3.88% -7.49% -0.23% +11.54% +12.69%

ENERGY Significant Growth in Installed Capacity and Power Generation 2018 Interim Results Presentation

3,000 2,500 2,000 1,500 500 -1H20161H20171H20182018* 2019 *

Attributable Wind Capacity(MW)

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* Expected to add 500MW/year from 2018-2019 * Change% between 1H2018 & 1H2017

Wind Plants Capacity Factor(Hour)



Attributable Wind Power Generation Output(GWh)



Average Wind Power Curtailment Rates (%)







Regions	Unit	Wholly-owned Wind Plants	Associates and JV Wind Plants	Wholly-owned PV Plants	Associates and JV PV Plants	Total
Northeastern China	MW	-	162	-	-	162
Northern China	MW	-	186	20	7	213
Northwestern China	MW	-	103	9	-	112
Eastern China	MW	178	118	40	4	292
Central Southern China	MW	676	86	-	-	714
Southernwestern China	MW	80	-	215	-	295
Overseas	MW	-	-	18	-	18
Total		934	655	302	11	1,902

"518 Policy" * of competitive bidding for wind power projects is NOT applicable to CNE's 1,859MW wind projects which have been approved or listed in the provincial construction plan with fixed tariff

No.	Projects	Province	Status	Capacity (MW)	Tariff (RMB/kWh)	No.	Projects	Province	Status	Capacity (MW)	Tariff (RMB/kWh)
1	Nanzhao Huayuan	Henan	Approved	100	0.6	19	Tongyu WLH D	Jilin	Approved	50	0.49
2	Jingtang	Hunan	Approved	48	0.6	20	Tongyu WLH E	Jilin	Approved	50	0.49
3	Yushan	Hubei	Approved	48	0.61	21	Tongyu WI H F	Tilin	Approved	50	0.49
4	Xuwulin	Hebei	Approved	48	0.5	21	Tongyu WEITT	JIIII	rippioved	50	0.49
5	Zaoyang Xinshi	Hubei	Approved	48	0.6	22	Tongyu XF D	Jilin	Approved	50	0.49
6	Lixi	Hubei	Approved	48	0.6	23	Guazhou Anbei	Gansu	Approved	200	0.49
7	Baimangying	Hunan	Approved	48	0.6	24	Rong'an I	Guangxi	Approved	48	0.6
8	Jindashan	Anhui	Approved	50	0.61	25	Rong'an II	Guanoxi	Approved	42	0.6
9	Qinshan	Anhui	Approved	35	0.6	26	Dong'on III	o .	Anneousd	10	0.57
10	Fansi	Shanxi	Approved	100	0.6	20	Rong an III	Guangxi	Approved	48	0.57
11	Bozhouqiaodong	Anhui	Approved	50	0.6	27	Rong'an IV	Guangxi	Provincial Plan	50	0.57
12	Mengzhuling	Hunan	Approved	50	0.6	20	Vuchan II	TT 1 .	Provincial	00	0.57
13	Dongda	Hunan	Approved	48	0.6	20	i usiiali ii	Hubei	Plan	90	0.57
14	Daquan	Hubei	Approved	70	0.6	29	Daguan II	Hubei	Provincial	60	0.57
15	Longquan	Hubei	Approved	30	0.6		Duquun	Huber	Plan	00	0.07
16	Shangcheng	Henan	Approved	50	0.6	30	Lechang	Guangdong	Provincial Plan	100	0.57
17	Yichuan	Henan	Approved	50	0.6	21	0. 1.1		Provincial	50	0.57
18	Yilongyuzhang	Guizhou	Approved	50	0.6	31	Qiaobei I	Anhui	Plan	50	0.57

* 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 FIT for the project life.

2018 Interim Results Presentation







In 1H 2018, total electricity consumption increased 9.4% compared with the same period last year, representing an increase of 3.1%. Curtailment of wind projects significantly improved. The red alert provinces reduced from 6 to 3, Inner Mongolia, Heilongjiang and Ningxia Province removed red alert. Renewable energy technology development is contributing to the rapid drop of LCOE, competitive advantage further enhanced, and accelerate the progress of the grid parity. Latest On June 11 2018, NEA, NDRC and Finance Ministry released the Industry Outlook 7th batch of subsidy catalogue. On May 18 2018, NEA announced the notice to put forward the competitive bidding of wind projects allocation, that the wind projects not included in 2018 or formerly construction plan shall be allocated and determined through competitive bidding. Government spared great efforts in promoting energy storage and market-based mechanism for grid ancillary services, leading to a • new growth driver for the industry and significant increase the share of renewable energy in power consumption.

CONCORD NEW ENERGY Latest Company Outlook



Attributable power generation significantly increased of 55.06% compared with same period last year and the power generation of wholly-owned wind power plants represented a year-on-year increase of 192.01%

The weighted average utilization hours of wind power plants reached 1,190 hours and weighted average utilization hours of wholly –owned wind power plants was 1,297 hours, significantly higher than the national average

"POWER⁺" energy internet business has been vigorously developed and "POWER⁺2.0"system and intelligent inspection system "YIXUN" were formally launched; benefiting from the intelligent operation and maintenance, the operational indicators have significantly improved and the LCOE of the operational power plants have been decreased

5 wind power projects (350 MW) listed in 2018 provincial construction plan; 1,859MW projects with fixed tariff will not be impacted by the 518 wind power competitive bidding policy

298MW projects were included in the 7th batch subsidy catalogue, of which 218MW were wind power projects and 80 MW were PV power projects

Focused on main business of power generation, while developing distributed wind and PV power, energy internet, energy storage and financial leasing





- Focusing on main business of power generation and expanding the installed capacities
- Perusing the lowest LCOE and facing the challenge of grid parity and completive bidding
- Actively developing energy internet to promote the revolution of "intelligent operation and maintenance"
- Sparing great efforts in the development of new business and seeking new points of growth for profit
- Unswervingly and vigorously maintaining safety in production



Implementation the strategy of lowest LCOE and enhance the Group's core competitiveness

- I. By taking measures of applying latest turbine types, optimizing designs repeatedly and expediting the construction of projects, the cost of newly-built power plants will be controlled effectively under the commitment of lowering the direct LCOE of the newly-built projects.
- II. The non-technological costs of power plants will be reduced due to the improvement of the utilization of wind turbines and PV power plants by utilizing "intelligent operation and maintenance".
- III. Through full promotion of self-developed "POWER+" system, the Group will achieve dynamic remote monitoring, improved operation and maintenance level as well as guaranteed safe plant operation, significant increased power generation efficiency and reduction of LCOE of commissioned plants.

CNCORCORD NEW ENERGY Building Intelligent O&M by Energy Internet

Energy internet cloud platform "POWER+" had undergone continuous optimization and has been applied total installed capacity of 1,408MW By taking advantage of its "POWER⁺" products, the Group actively builds a cloud-based operation and maintenance model, which provides the centralised management, personalized and precise operation as well as maintenance services manned by no one or only a few people



"POWER+" explored the distributed PV projects, poverty alleviation projects and user side energy storage application



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76 wind power and PV power plants' overall O&M in total and signed 10 service contracts in areas such as scheduled inspection, preventive tests, technical renovation and overhaul and spare parts sales

Only professional domestic company specializing in wind and PV power industry that offers products and services including consultation, operation, maintenance, overhaul, spare parts and assets management

Successfully passed the new standard certification of the "Three-standard System". Obtained the TÜV wind turbine O&M capability certification from Germany as the first third-party independent O&M company that has passed TÜV International certification

NEW ENERGY Professional and Experienced Management Team

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Executive Directors

Mr. Liu Shunxing, Chairman – an Executive Director of China Energy Council, a Deputy Director of Energy Conservation and Enterprise Energy Management Committee. 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



Non-Executive Director

Mr. Wu Shaohua – currently works for Huadian Fuxin Energy Limited Company

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 - 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 thermal power plant of 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





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Appendix

Attributable Power Generation (GWH)

	Attributabl	e Power (in Total	Generation	Wholly-o	owned Powe	r Plants
Business Segments and Regions	1H2018	1H2017	Conversion Rate	1H2018	1H2017	Conversion Rate
Wind Power Generation	1,634.99	939.94	73.95%	913.78	312.93	192.01%
Northeastern China	189.94	141.39	34.34%	-	-	-
Northern China	238.85	223.22	7.00%	-	-	-
Northwestern China	65.77	60.87	8.05%	-	-	-
Eastern China	302.36	225.33	34.19%	161.89	94.74	70.88%
Central Southern China	732.33	207.39	253.12%	646.15	136.46	373.51%
Southernwestern China	105.74	81.74	29.36%	105.74	81.74	29.36%
PV Power Generation	227.32	261.11	-12.94%	218.22	250.55	-12.90%
Northern China	22.60	7.22	213.02%	16.10	0.13	-
Northwestern China	6.48	57.91	-88.81%	6.48	57.91	-88.81%
Eastern China	30.53	31.74	-3.81%	27.92	28.92	-3.46%
Southernwestern China	157.11	153.94	2.06%	157.11	153.94	2.06%
Overseas Regions	10.60	10.31	2.81%	10.60	9.66	9.73%
Total	1 862 32	1 201 05	55.06%	1 132 03	563 47	100 90%

Attributable Installed Capacity (MW)

	Powe	r Plants of th	e Group	Wholly-owned Power Plants				
Business Segments and Regions	1H2018	1H2017	Conversion Rate	1H2018	1H2017	Conversion Rate		
Wind Power Generati	on 1,589	1,205	31.87%	934	550	69.82%		
Northeastern Chi	na 162	162	0.00%	-	-	-		
Northern Chi	na 186	186	0.00%	-	-	-		
Northwestern Chi	na 103	103	0.00%	-	-	-		
Eastern Chi	na 296	248	19.35%	178	130	36.92%		
Central Southern Chi	na 762	426	78.87%	676	340	98.82%		
Southernwestern Chi	1a 80	80	0.00%	80	80	0.00%		
PV Power Generati	on 313	298	5.03%	302	287	5.23%		
Northern Chi	na 26	26	0.00%	20	20	0.00%		
Northwestern Chi	na 9	9	0.00%	9	9	0.00%		
Eastern Chi	na 44	44	0.00%	40	40	0.00%		
Southernwestern Chi	na 215	200	7.50%	215	200	7.50%		
Overseas Regio	ns 18	18	0.00%	18	18	0.00%		
Total	1,902	1,503	26.55%	1,236	837	47.67%		



2,483MW-total capacity; 1,589MW-attributable capacity

Associates and JV Projects: 655MW attributable installed capacity								Wholl	y-owned Pa	rojects: 9	934MW a	attributab	le insta	illed capacit	ity
Year	Projects	Regions *	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh	Attributable 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	2015	Feixi	Е	Anhui	34	100%	0.61	34
2008	Taiqi Phase I	N	Inner Mongolia	49.5	49%	0.52	24.26	2015	Dongtian	CS	Hunan	48	100%	0.61	10
2008	Effiannaote Phase I	N	Inner Mongolia	21	49%	0.52	10.29	2016	Lionai	CS	Uunan	10	1009/	0.61	48
2009	Linchang Phase I	NE	Jilin	49.5	49%	0.61	24.26	2010	Jiepai	C3	nullali	40	100%	0.01	40
2009	Mazongshan	NE	Liaoning	49.5 49.5	24.5% 24.5%	0.61	12.13	2016	Jiagou	Е	Anhui	48	100%	0.61	48
2009	Zhaqi Phase I	N	Inner Mongolia	49.5	49%	0.54	24.26	2016	Cangfang	SW	Yunnan	48	100%	0.61	48
2009	Heivupao Phase I	NE	Jilin	49.5	49%	0.61	24.26	2016	Euchnon Chille	CS	Cuanavi	19	1000/	0.61	19
2010	Wuchuan	N	Inner Mongolia	49.5	46%	0.51	22.77	2010		CS	Guangxi	40	100%	0.01	40
2010	Huadeng Phase I	Ν	Inner Mongolia	49.5	32%	0.54	15.84	2016	Fuchuan	CS	Guangxi	48	100%	0.61	48
2010	Huadeng Phase II	Ν	Inner Mongolia	49.5	32%	0.54	15.84		Chaodong						
2010	Zhalute Phase II	Ν	Inner Mongolia	49.5	32%	0.54	15.84	2016	Bainijing	SW	Yunnan	32	100%	0.61	32
2010	Zhalute Phase III	Ν	Inner Mongolia	49.5	32%	0.54	15.84	2016	Nanzhao	CS	Henan	100	100%	0.61	100
2010	Guazhou	NW	Gansu	201	51.5%	0.52	103.52	2010	Truitzituo	65	menun	100	100/0	0.01	100
2011	Touzhijian	Ν	Inner Mongolia	49.5	51%	0.51	25.25	2017	Wuhe	Е	Anhui	48	100%	0.6	48
2011	Kailu	Ν	Inner Mongolia	49.5	32%	0.54	15.84	2017	Qiaotoupu	CS	Hunan	48	100%	0.6	48
2011	Maniuhu	NE	Liaoning	49.5	30%	0.61	14.85		Tongdao						
2011	Gulibengao	NE	Liaoning	49.5	30%	0.61	14.85	2017	Linkou	CS	Hunan	48	100%	0.6	48
2012	Heiyupao Phase III	NE	Jilin	49.5	32%	0.58	15.84	2017	Von gijowon	CS	Honon	19	1000/	0.6	19
2012	Heiyupao Phase IV	NE	Jilin	49.5	32%	0.58	15.84	2017	rangjiawan	C3	Hellan	40	100%	0.0	40
2012	Tianchang	E	Anhui	48	49%	0.62	23.52	2017	Xinzao	CS	Guangxi	48	100%	0.6	48
2013	Chaoyang Wanjia	NE	Liaoning	49.5	30%	0.61	14.85	2017	Hongtang	CS	Hunan	48	100%	0.6	48
2013	Guansnan	E	Annui	48	49%	0.61	23.52	2017	Hongtung	65	munan	40	10070	0.0	40
2013	Suznou Fuli	E	Annui	48	49%	0.61	23.52	2017	Chuansu	CS	Hunan	48	100%	0.6	48
2013	Zilin anu	<u> </u>	Hunan	48	50%	0.61	28.32	2017	Shangjingshan	CS	Hubei	48	100%	0.6	48
2014	Huolonggang	CS	Henan	40	59%	0.61	20.32			-					
2014	Vantai Gaotong	E E	Shandong	47.5	19%	0.61	29.21	2018	Tianchang II	Е	Anhui	48	100%	0.6	48
2014	Lingshan	E	Anhui	48	49%	0.61	23.52	2018	Shenzhengtang	CE	Hunan	48	100%	0.6	48

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



331MW-total installed capacity; 313MW-attributable installed capacity

Year	Projects	Regions	Province	Capacity	CNE's	Tariff	Attributable				
i cui	110,000	ree Brons -		(MW)	stake	(RMB/kWh)	Capacity				
Associates and J	Projects: 10.78MW attributable	installed ca	pacity								
2011	Suqian	Е	Jiangsu	8.88	49%	2.4	4.35				
2015	Zhaer	Ν	Inner Mongolia	20	32.16%	0.95	6.43				
Controlled Projects: 302.02MW attributable installed capacity											
2011	Wuwei	NW	Gansu	9	100%	1.15	9				
2012	Hawaii(Hoko)		US	0.9	80%	USD 0.43 (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	Е	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				
2015	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	Ν	Hebei	20	100%	1.18	20				
2017	Jiangzi	WS	Tibet	15	100%	1.15	15				









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



P&L(RMB'000)	1H2018	1H2017
Revenue	809,609	594,116
Cost of sales and services rendered	(347,803)	(351,536)
Gross profit	461,806	242,580
Other income	11,329	12,793
Other gains and losses, net	(22,515)	146,443
Expense		
Distribution and selling expenses	(2,939)	(1.902)
Administrative expenses	(99,718)	(80,540)
Finance costs	(140,350)	(86,609)
Share of profit of joint ventures	83,578	72,462
Share of profit of associates	11,646	16,215
Profit before income tax	302,837	321,442
Income tax expense	(19,099)	(51,759)
Profit for Reporting Period	283,738	269,683
Profit attributable to:		
Owners of the Company	275,713	269,374
Non-controlling interests	8,025	309

Asset (RMB'000)	1H2018	2017
Current assets	4,407,452	3,708,449
Non-current assets	12,787,630	11,098,689
Total assets	17,195,082	14,807,138
Current liabilities	(3,644,788)	(3,616,445)
Non-current liabilities	(8,093,241)	(5,935,547)
Total liabilities	(11,738,019)	(9,551,992)
Net current assets	762,674	92,004
Net Asset	5,457,063	5,255,146
Share Capital	75,164	75,164
Reserves	5,308,424	5,082,632
Cash Flow ('000)	1H2018	1H2017
Net cash from operating activities	322,964	94,608
Net cash used in investing activities	(980,657)	(605,088)
Net cash from financing activities	1,625,505	441,283
Net increase/(decrease) in cash and cash equivalents	967,812	(69,197)
cash and bank balances	2,040,056	1,817,313

CNE CONCORD NEW ENERGY Wind Power Plant Economics (Hunan Project)

Wind Power Plant Economics Assumptions:

1. Capacity of wind farm = 48.4MW	 Subsidy delay=2 years Total Investment = RMB 319mil (RMB6.6/watt) 	8. Bank Loan = RMB 223.30mil (70%) 9. Interest rate = 5.4%
 Capacity factor = 2,300hours Tariffs = RMB0.57/kWh (include VAT) 	6. VAT for CAPEX = RMB 37.40mil 7. Capital = RMB 95.70mil (30%)	 Construction period = 12 months 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 17	%VAT)		5,470	5,470	5,470	5,470	5,631	5,908	5,908	5,908	5,908	5,908
VAT Refund (17%)			-	-	-	-	161	438	438	438	438	438
Total revenue			5,470	5,470	5,470	5,470	5,631	5,908	5,908	5,908	5,908	5,908
Depreciation (a)	20Years		1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323
O & M costs			250	258	265	273	281	310	319	329	339	349
Repair costs			40	40	40	40	41	66	67	129	69	70
Others			72	72	72	72	72	72	72	72	72	72
Operating expense			80	82	85	87	90	93	96	98	101	104
Total			1,765	1,775	1,785	1,795	1,807	1,864	1,877	1,951	1,904	1,918
Operating profit			3,705	3,695	3,685	3,675	3,824	4,044	4,031	3,957	4,004	3,990
Loan balance at end of the year	10Years	22,330	20,097	17,864	15,631	13,398	11,165	8,932	6,699	4,466	2,233	-
Interest expense	10Years 5.4%		1,146	1,025	904	784	663	543	422	301	181	60
Profit before tax			2,560	2,670	2,780	2,890	3,129	3,414	3,521	3,567	3,735	3,842
Tax			-	-	-	361	391	427	880	892	934	960
Profit after tax (b)			2,560	2,670	2,780	2,529	2,738	2,987	2,641	2,675	2,802	2,881
Capital		9,570										
VAT offset (c)			875	875	875	875	553	-	-	-	-	-
Loan repayment (d)	10Years		2,233	2,233	2,233	2,233	2,233	2,233	2,233	2,233	2,233	2,233
Cash Flow (a)+(b)+(c)+(d)	(Subsidy delay 2 years)	-9,570	1,375	1,486	5,043	2,495	2,381	2,079	1,732	1,766	1,892	1,972
20-year equity IRR	25.37%											
20-year project IRR	14 67%											
LCOE (RMB/kWh)	0.2829											
ROE			26.75%	27.90%	29.05%	26.43%	28.61%	31.21%	27.60%	27.96%	29.27%	30.11%
CAUTION : T	he numbers above are hypothe			ancial model for a	wind farm in Hu				plant in which CN	E has invested or p		



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

 Capacity of wind farm = 48.4MW Capacity factor = 2,300hours Tariffs = Desulfurization Coal-fire Benchmark tariff 	 4. Total Investment = RMB 319mil (RMB6.6/watt) 5. VAT for CAPEX = RMB 37.40mil 6. Capital = RMB 63.80mil (20%)/95.70mil(30%) 	 7. Bank Loan = RMB 255.2mil (80%)/223.3mil(70%) 8. Interest rate = 5.4% 9. Construction period = 12 months 10. VAT for CAPEX offset by VAT for power sales
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Based on 30% of Capital

Project Cash Flow

Based on 20% of Capital

Province	Benchman tariff	Projec	t Equity				Cash I	Flow (i	n: RM	B)					Drovinco	Benchmark	Project	t Equity				Cash	h Flow	(in: RM	1 B)				
	(RMB)	IKK	IKK	Year0	Yearl	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year 10	riovince	(RMB)	IRR	IRR	Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year !
Guangxi	0.4207	7 9.47%	6 15.16%	-6380	380	508	635	595	706	778	349	271	410	503															
															Guangxi	0.4207	9.47%	6 13.61%	-9570	862	973	1,083	1,012	1,108	1,165	713	623	749	82
Hunan	0.4500	0 10.57%	% 18.16%	-6380	706	834	961	886	997	1,010	448	496	635	727	Hunan	0.4500	0 10.57%	% 15.95%	-9570	1,189	1,299	1,409	1,303	1,399	1,397	813	847	973	1,05
Hubei	0.4161	9.30%	% 14.71%	-6380	329	456	584	549	660	733	343	236	375	468	Hubei	0.4161	9.30%	6 13.25%	-9570	811	922	1,032	966	1,062	1,119	707	587	713	79
Anhui	0.3844	4 8.09%	% 11.75%	-6380	-24	103	231	234	345	418	305	-7	132	225	Anhui	0.3844	8.09%	6 10.83%	-9570	458	569	679	651	747	805	669	345	471	55
Henan	0.3779	9 7.84%	% 11.17%	-6380	-97	31	159	170	281	353	297	-56	83	175	Henan	0.3779	7.84%	% 10.35%	-9570	386	497	607	586	682	740	661	295	421	50
Yunan	0.3358	8 6.17%	6 7.61%	-6380	-565	-438	-310	-249	-138	-65	-65	-67	-240	-147	Yunan	0.3358	6.17%	6 7.29%	-9570	-83	28	138	168	264	322	299	284	99	17

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.



Sensitivity/ Scenario Analysis:

Scenario (assuming other factors held constant)	Impact on 1 st Year Profit	Impact on IRR (Compared with 25.37%)	Equity IRR	Current Level
Grid tariffs decreased by 5 cent	-RMB 4.80mil	-4.31%	21.06%	RMB 0.40-0.60/kWh (include VAT)
Capacity factor increased by 200 hours	+RMB 4.75mil	4.5%	29.87%	2,000-3,200 hours
PBOC rate increased by 0.50%	-RMB 1.07mil	-0.60%	24.77%	4.9-5.9%
Project cost decreased to RMB 6,100/kw	+RMB 2.00mil	3.87%	29.24%	RMB 6.0-7.0RMB/watt

Project Costs Distribution:



Area	Tariffs	Grid Curtailment Situation	Capacity Factor	Interest Rate	Equity IRR	Project IRR
Ŧ	0.40	Ν	N 2,700		17.02%	11.44%
1	0.40	Y	1,900	5.4%	7.06%	6.14%
	0.45	N	2,500	5 40/	18.36%	12.10%
11	0.45	Y	1,900	5.4%	9.92%	7.78%
	0.40	N	2,300	5 40/	17.68%	11.56%
	0.49	Y	2,000	5.4%	13.05%	9.32%
IV	0.57	N	2,300	5.4%	23.97%	14.28%

CNE CONCORD NEW ENERGY PV Power Plant Economics (Average Return Sample)

PV Power Plant Economics Assumptions:

1. Capacity of PV farm = 30MW	5. Subsidy delay=2 years	9. Capital = RMB 44.10mil (30%)
2. Capacity factor = 1,300hours	6. Module = RMB 1.9/watt, BOS = RMB 3.0/watt	10. Bank Loan = RMB 102.90mil (70%)
3. Tariffs = RMB0.7/kWh (include VAT)	7. Total Investment = RMB 147.00mil	11. Interest rate = 5.4%
4. PV Module annual degradation=0.8% (20years)	8. VAT for CAPEX = RMB 17.23mil	12. Construction period = 6 months

Project Income Statement:

(in RMB mil)	Year 0	Year 1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year 10
Net Electricity tariffs (exclude 17	7%VAT)	2,353	2,335	2,316	2,297	2,278	2,435	2,420	2,399	2,379	2,359
VAT Refund (17%)		-	-	-	-	-	176	179	178	176	175
Total revenue		2,353	2,335	2,316	2,297	2,278	2,435	2,420	2,399	2,379	2,359
Depreciation (a)	20years	610	610	610	610	610	610	610	610	610	610
O & M costs		148	152	157	162	167	172	177	182	187	193
Repair costs		45	45	45	45	46	55	55	66	56	717
Land costs		300	300	300	300	300	300	300	300	300	300
Others		80	80	80	80	80	80	80	80	80	80
Operating expense		70	72	74	76	79	81	84	86	89	91
Total		1,253	1,259	1,266	1,273	1,282	1,298	1,306	1,324	1,322	1,991
Operating profit		1,100	1,076	1,050	1,024	996	1,137	1,114	1,075	1,057	368
Loan balance at end of the year	10years 10,290	9,261	8,232	7,203	6,174	5,145	4,116	3,087	2,058	1,029	-
Interest expense	10years 5.4%	528	472	417	361	306	250	194	139	83	28
Profit before tax		572	603	632	662	691	842	873	890	927	294
Tax		-	-	-	83	86	105	218	223	232	74
Profit after tax (b)		572	603	632	579	605	737	655	668	695	221
Capital	4,410										
VAT offset (c)		377	374	371	368	365	9	-	-	-	-
Loan repayment (d)	10years	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
Cash Flow (a)+(b)+(c)+(d)	(Subsidy delay 2 years) -4,410	-594	-567	2,832	532	554	331	240	253	280	-194
20-year equity IRR	11.95%										
20-year project IRR	8 60%										
LCOE (RMB/kWh)	0.5081										
ROE	0.0001	12.98%	13.66%	14.34%	13.14%	13.72%	16.70%	14.84%	15.14%	15.77%	5.00%
CAUTION	The numbers shows are hunothatical number	illustrating a source	la financial mada	for a DV form in t	China Such num	hana da nat danima	from only DV norm	a alaat in which (NIE has invested.	anlon to invoot	



Sensitivity/ Scenario Analysis:

Scenario (assuming other factors held constant)	Impact on 1 st Year Profit	Impact on IRR (Compared with 25.37%)	IRR	Scenario (assuming other factors held constant)
Grid tariff decreased by RMB0.6/kWh (include VAT)	-RMB 3.36mil	-5.49%	6.64%	RMB 0.5-0.7/kWh (include VAT))
Capacity factor decreased by 100 hours	-RMB 1.81mil	-3.08%	8.87%	1,300-2,000 hours
PBOC rate increased by 0.50%	-RMB 0.48mil	-0.40%	11.55%	4.9-5.9%
Project cost increased by RMB 4.4/watt	+RMB 1.18mil	+3.14%	15.09%	RMB 4—5/watt
No additional land costs	+RMB 3.00 mil	+5.10%	17.05%	RMB 2-8 mil/Y/50MW

Area	Tariffs	Grid Curtailment Situation	Capacity Factor	Interest Rate	Equity IRR	Project IRR	
Ţ	0.5	Ν	1,600	5.4%	6.53%	7.88%	
I	0.5	Y	1,300	5.4%	2.22%	0.53%	
П	0.6	N	1,400	5.4%	7.22%	9.25%	
	0.6	Y	1,300	5.4%	5.80%	6.66%	
III	0.7	N	1,200	5.4%	7.20%	9.22%	

Project Costs Distribution



Year of (Operation	2013	2014	2015	2016	2017	1H2018
National installed wind	l power capacity (GW)	7,652	9,581	12,934	14,864	16,400	17,200
	Area I	0.51	0.51	0.49	0.47	0.47	0.4
Tariff (DMD/LWh)	Area 🔟	0.54	0.54	0.52	0.50	0.50	0.45
I ariii (Kivid/K vv II)	Area 🎹	0.58	0.58	0.56	0.54	0.54	0.49
	Area IV	0.61	0.61	0.61	0.60	0.60	0.57
	Overall Cost(North)	6,690	6,850	6,890	6,600	6,400	6,100
Cost(DMD/IrW)	Overall Cost(South)	7,350	7,445	7,420	7,330	7,150	6,600
COSU(KIVID/K VV)	Direct Drive	4,022	4,025	4,450	4,280	3,780	3,250
	Double-Fed	3,846	4,250	4,250	4,080	3,700	3,200

Year of	Operation	2013	2014	2015	2016	2017	1H2018
National installed PV power capacity (GW)		1,589	2,486	4,158	7,742	13,000	15,500
	Area I	0.90	0.90	0.90	0.80	0.65	0.5
Tariff (RMB/kWh)	Area II	0.95	0.95	0.95	0.88	0.75	0.6
	Area 🎹	1.00	1.00	1.00	0.98	0.85	0.7
	Overall Cost(plane area)	7,650	7,002	6,760	5,891	5,700	4,850
	Overall Cost(hill area)	7,800	7,458	6,920	6,017	5,900	5,000
COST(KINIB/KW)	Inverter(centralized)	0.41	0.319	0.26	0.24	0.18	0.14
	Module	4.30	4.25	4.14	3.92	2.70	1.85



	Attributabl Capacit	le Installed y (MW)	Attributal Generation	ble Power n (GWh)	Power Pla (RMB	nts Income '000)	Power Attributable (RME	Plants Net Profit 000)
FY	1H2018	1H2017	1H2018	1H2017	1H2018	1H2017	1H2018	1H2017
Total	1,902	1,503	1,862.32	1,201.05	627,482	350,692	385,275	221,903
Wholly-owned Wind Power Plants	934	550	913.78	312.93	449,589	140,525	235,696	60,132
Associates and JV Wind Power Plants	655	655	721.21	627.01	-	-	90,735	83,256
Wholly-owned PV Power Plants	302	287	218.22	250.55	177,893	210,167	54,355	73,094
Associates and JV PV Power Plants	11	11	9.10	10.56	-	-	4,489	5,421

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. Data from MD&A.



Thank you for your Interest in CNE

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Please feel free to contact us for any inquiries:

Luo Maofeng Vice President Tel: 00852-96329816,0086-1360112268 Email: luomf@cnegroup.com



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