CONCORD
NEW
ENERGY

Concord New Energy Group Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 182)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "Board") of Concord New Energy Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015. The consolidated results have been reviewed by the Company's audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated) (Note 1)
Revenue	3	**1,785,166**	3,478,562
Cost of sales and services rendered		**(1,266,974)**	(2,888,420)
Gross profit		**518,192**	590,142
Other income	3	**49,189**	31,159
Other gains and losses, net	4	**130,839**	8,566
Distribution and selling expenses		**(6,992)**	(6,823)
Administrative expenses		**(167,728)**	(157,930)
Finance costs	5	**(141,677)**	(92,955)
Share of profit of joint ventures		**73,445**	54,967
Share of profit of associates		**19,366**	14,107
Profit before income tax		**474,634**	441,233
Income tax expense	6	**(13,018)**	(34,293)
Profit for the year		**461,616**	406,940
Profit/(loss) attributable to:			
Owners of the Company		**457,815**	408,090
Non-controlling interests		**3,801**	(1,150)
		461,616	406,940
Earnings per share attributable to owners of the Company during the year			
		RMB cents	*RMB cents*
Basic earnings per share	7(a)	**5.32**	4.60
Diluted earnings per share	7(b)	**5.30**	4.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
		(Note 1)
Profit for the year	**461,616**	406,940
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation	**6,654**	11,504
Other comprehensive income for the year, net of tax	**6,654**	11,504
Total comprehensive income for the year	**468,270**	418,444
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**464,593**	419,789
Non-controlling interests	**3,677**	(1,345)
	468,270	418,444

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,259,254**	3,903,312
Leasehold land and land use rights		**232,948**	272,047
Intangible assets		**1,067,511**	1,069,037
Interests in associates		**280,975**	275,657
Interests in and advances to joint ventures		**1,294,357**	1,339,170
Available-for-sale financial assets		**4,826**	3,076
Prepayments, deposits and other receivables		**496,868**	321,750
Deferred tax assets		**24,791**	15,851
		7,661,530	7,199,900
Current assets			
Inventories		**81,447**	149,394
Trade and bill receivables	9	**1,157,909**	1,298,421
Prepayments, deposits and other receivables		**884,401**	693,038
Amounts due from associates		**99,204**	145,014
Amounts due from joint ventures		**782,893**	961,727
Available-for-sale financial assets		**—**	22,160
Financial assets at fair value through profit or loss		**43,948**	15,325
Cash and cash equivalents		**1,891,277**	1,596,081
		4,941,079	4,881,160
Assets of a disposal subsidiary classified as held for sale	10	**1,736,740**	—
		6,677,819	4,881,160
Total assets		**14,339,349**	12,081,060
LIABILITIES			
Non-current liabilities			
Borrowings		**3,060,785**	2,804,754
Bonds payable		**199,451**	—
Deferred tax liabilities		**4,463**	4,640
Deferred government grants		**20,267**	18,580
Loans from a joint venture		**40,500**	36,221
		3,325,466	2,864,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AS AT 31 DECEMBER 2016

	Note	2016 RMB'000	2015 RMB'000
Current liabilities			
Trade and bill payables	*11*	**3,600,452**	3,322,497
Payables for construction in progress, other payables and accruals		**729,183**	496,048
Amounts due to associates		**12,632**	2,093
Amounts due to joint ventures		**79,132**	187,338
Borrowings		**365,875**	384,738
Current income tax liabilities		**11,321**	2,246
		4,798,595	4,394,960
Liabilities directly associated with a disposal subsidiary classified as held for sale	*10*	**989,538**	—
		5,788,133	4,394,960
Total liabilities		**9,113,599**	7,259,155
Net current assets		**889,686**	486,200
Total assets less current liabilities		**8,551,216**	7,686,100
Net assets		**5,225,750**	4,821,905
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**75,645**	77,449
Reserves		**4,994,632**	4,643,660
		5,070,277	4,721,109
Non-controlling interests		**155,473**	100,796
Total equity		**5,225,750**	4,821,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale financial assets and financial assets/liabilities at fair value through profit or loss, which are carried at fair value.

The presentation currency of the consolidated financial statements is changed from HK$ to RMB in the current year, which is also the functional currency of the Group, comparative figures have been represented in RMB. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The retrospective change of the presentation currency of the Group has no material effects on the financial positions of the Group as at 31 December 2015 and 1 January 2015 and its financial performance for the year ended 31 December 2015. These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

In addition, in prior years, the expenses of the Group were presented in the Group's consolidated statement of profit or loss by nature. During the current year, the directors of the Company considered that to analyse the expenses of the Group by function is more useful and meaningful for the users of the Group's consolidated financial statements to assess the Group's financial performance. Accordingly, the presentation of the Group's consolidated statement of profit or loss has been revised. The change of the presentation of the Group's consolidated statement of profit or loss has no effects on the financial positions of the Group as at 31 December 2015 and 1 January 2015 and its financial performance for the year ended 31 December 2015.

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements 2012-2014 Cycle

Except as described below, the application of the 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 these consolidated financial statements.

The Group has applied the amendments to HKAS 1 *Disclosure Initiative* for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering and grouping of the notes.

2 Segment information

(a) Business segments

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making.

The executive directors of the Company consider the business from a product and service perspective. The Group has reported on three operating segments as follows:

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

- Power plant operation and maintenance services; and

- Investment in power plants — investing in power plants through subsidiaries, joint ventures and associates.

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

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment assets comprise goodwill, interests in associates, interests in and advances to joint ventures ("JVs"), property, plant and equipment, leasehold land and land use rights, other intangible asset, available-for-sale financial assets, financial assets at fair value through profit or loss, inventories, receivables and cash and cash equivalents which are related to the segments.

Segment assets included goodwill amounted to RMB75,800,000 (2015: RMB75,800,000), RMB60,687,000 (2015: RMB60,687,000) and RMB926,157,000 (2015: RMB927,364,000) allocated to the "engineering, procurement, construction and equipment manufacturing" segment, "power plant operation and maintenance" segment and "investment in power plants" segment, respectively.

Segment liabilities comprise payables, borrowings, current income tax liabilities and deferred government grants which are related to the segments.

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

For the year ended 31 December 2016

	Engineering, procurement, construction and equipment manufacturing *RMB'000*	Power plant operation and maintenance *RMB'000*	Investment in power plants *RMB'000*	Segment total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue						
Sales to external customers	1,043,685	67,449	674,032	1,785,166	—	1,785,166
Inter-segment sales	1,633,471	26,916	—	1,660,387	(1,660,387)	—
	2,677,156	94,365	674,032	3,445,553	(1,660,387)	1,785,166
Segment results	37,198	17,083	425,308	479,589		479,589
Other gains and losses, net*	(30,754)	2,976	158,617			130,839
Unallocated income						7,842
Unallocated expenses						(18,915)
Finance income*	14,427	17	2,512			16,956
Finance costs*	(4,418)	—	(137,259)			(141,677)
Profit before income tax						474,634
Income tax expense	(13,236)	(5,756)	5,974			(13,018)
Profit for the year						461,616
Segment assets	3,272,461	329,310	10,704,210			14,305,981
Unallocated assets						33,368
Total assets						14,339,349
Segment liabilities	(3,888,437)	(14,683)	(5,207,945)			(9,111,065)
Unallocated liabilities						(2,534)
Total liabilities						(9,113,599)

** Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets*

Other segment information

				Unallocated	Total
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (included property, plant and equipment, leasehold land and land use rights)	3,417	2,714	2,455,516	—	2,461,647
Depreciation of property, plant and equipment	15,577	4,116	191,228	—	210,921
Amortisation of other intangible asset, leasehold land and land use rights	4,648	—	10,420	319	15,387
Inventory write-down	6,886	—	—	—	6,886
Impairment loss on amounts due from joint ventures	25,024	—	—	—	25,024
Impairment loss on other receivables	1,050	—	—	—	1,050
Gain on disposal of property, plant and equipment	(16)	(3)	(395)	—	(414)
Share-based compensation	2,611	123	554	4,309	7,597

For the year ended 31 December 2015

	Engineering, procurement, construction and equipment manufacturing *RMB'000*	Power plant operation and maintenance *RMB'000*	Investment in power plants *RMB'000*	Segment total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue						
Sales to external customers	2,960,462	83,599	434,501	3,478,562	—	3,478,562
Inter-segment sales	444,449	10,178	—	454,627	(454,627)	—
	3,404,911	93,777	434,501	3,933,189	(454,627)	3,478,562
Segment results	181,065	17,269	315,148			513,482
Other gains and losses, net*	(17,226)	467	25,325			8,566
Unallocated income						8,570
Unallocated expenses						(19,018)
Finance income*	9,715	12	12,861			22,588
Finance costs*	(9,952)	—	(83,003)			(92,955)
Profit before income tax						441,233
Income tax expense	(34,268)	(10,733)	10,708			(34,293)
Profit for the year						406,940
Segment assets	3,323,112	357,708	8,363,476			12,044,296
Unallocated assets						36,764
Total assets						12,081,060
Segment liabilities	(3,605,167)	(16,423)	(3,632,206)			(7,253,796)
Unallocated liabilities						(5,359)
Total liabilities						(7,259,155)

* *Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets*

Other segment information

				Unallocated	Total
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (included property, plant and equipment, leasehold land and land use right)	(251)	2,162	2,055,864	—	2,057,775
Depreciation of property, plant and equipment	22,948	3,667	102,943	18	129,576
Amortisation of other intangible asset, leasehold land and land use rights	4,648	—	8,901	318	13,867
Inventory write-down	8,460	—	—	—	8,460
Impairment loss on amounts due from joint ventures	11,147	—	—	—	11,147
(Gain)/loss on disposal of property, plant and equipment	(3,274)	6	2,214	—	(1,054)
Gain on disposal of non-current assets held for sale	—	—	(2,611)	—	(2,611)
Share-based compensation	4,398	206	929	7,220	12,753

(b) Geographical segments

The Company is domiciled in Bermuda. None of its revenue was generated from external customers in Bermuda, and no non-current assets are located in Bermuda.

Management considers the geographical segments with revenue derived from different locations, which determined by the country in which the customer is operated. The Group's engineering, procurement, construction and equipment manufacturing and power plant operation and maintenance activities is operated in the Peoples' Republic of China ("the PRC"), while investment in power plants is operated in the PRC and the United States of America ("the US"). There are no sales between geographical segments.

Non-current assets are allocated based on the geographical location of the assets, mainly located in the PRC and other locations including the US and Hong Kong.

The Group's revenue from external customers and non-current assets (excluding deferred tax assets and financial instruments) are analysed as follows:

	2016		2015	
	Revenue *RMB'000*	**Non-current assets** *RMB'000*	Revenue *RMB'000*	Non-current assets *RMB'000*
The PRC	**1,757,919**	**6,568,727**	3,447,812	6,272,335
Others	**27,247**	**826,015**	30,750	774,587
	1,785,166	**7,394,742**	3,478,562	7,046,922

(c) Major customers

Three (2015: Three) external customers contribute more than 10% revenue of the Group. These revenues are attributable to the engineering, procurement, construction, equipment manufacturing segment and investment in power plants segment. The revenue of these customers are summarised below:

	2016 *RMB'000*	2015 *RMB'000*
Customer A	**316,588**	N/A*
Customer B	**229,751**	N/A*
Customer C	**205,312**	N/A*
Customer D	**N/A***	1,055,691
Customer E	**N/A***	427,350
Customer F	**N/A***	424,110

* *The corresponding revenue did not contribute over 10% of total revenue of the Group.*

3 Revenue and other income

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

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Engineering, procurement, construction and equipment manufacturing	**1,043,685**	2,960,462
Sales of electricity:		
Feed-in tariff	**261,909**	172,398
Renewable energy subsidy *(Note (i))*	**412,123**	262,103
Power plant operation and maintenance services	**67,449**	83,599
	1,785,166	3,478,562
Other income		
Interest income	**16,956**	22,588
Rental income	**5,724**	2,694
Government grants *(Note (ii))*	**1,529**	1,529
Tax return *(Note(iii))*	**23,921**	—
Others	**1,059**	4,348
	49,189	31,159

Note:

(i) Renewable energy subsidy is provided by the relevant PRC government authorities to the wind and solar power plants operate in the PRC, subject to the fulfilment of certain conditions.

(ii) During the year ended 31 December 2016, the Group received government grants of RMB 3,216,000 (2015: RMB3,200,000) to promote the development of renewable energy. Giving the reason that corresponding assets are still under construction, these new grants was not credited to profit and loss in the reporting period. The included balances are government grants amortized from year 2012 and 2014.

(iii) During the year ended 31 December 2016, the amounts mainly represent refunds of value-added tax and other taxes received (2015: Nil).

4 Other gains and losses, net

An analysis of other gains, net is as follows:

	2016	2015
	RMB'000	*RMB'000*
Gain on deregistration of a joint venture	**—**	343
Loss on disposal of an associate	**—**	(721)
Gain on disposal of joint ventures, subsidiaries, net	**160,808**	27,115
Fair value gains on financial assets at fair value through profit or loss	**5,168**	138
Adjustment of sales proceed of prior year's disposal of joint ventures	**—**	440
Gain on disposal of property, plant and equipment	**414**	1,054
Gain on disposal of non-current assets held-for-sale	**—**	2,611
Inventory write-down	**(6,886)**	(8,460)
Impairment loss on amounts due from joint ventures	**(25,024)**	(11,147)
Impairment loss on other receivables	**(1,050)**	—
Exchange gains/(loss), net	**103**	(969)
Others	**(2,694)**	(1,838)
	130,839	8,566

5 Finance costs

	2016	2015
	RMB'000	*RMB'000*
Interest expenses:		
— Bank borrowings	**138,606**	94,551
— Finance leases	**40,087**	34,272
— Loans from a joint venture	**4,435**	5,772
— Bonds payable	**9,400**	—
	192,528	134,595
Less: Interest capitalised	**(50,851)**	(41,640)
	141,677	92,955

6 Income tax expense

	2016	2015
	RMB'000	*RMB'000*
Current tax		
— PRC Enterprise Income tax	**27,689**	35,737
— PRC dividend withholding tax	**3,181**	8,495
— (Over)/under provision in prior years:		
PRC Enterprise Income tax	**(5,278)**	171
	25,592	44,403
Deferred tax	**(12,574)**	(10,110)
	13,018	34,293

7 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, after adjusting the effect of shares repurchased and held by the Company's share award scheme.

	2016	2015
Profit attributable to owners of the Company *(RMB'000)*	**457,815**	408,090
Weighted average number of ordinary shares in issue *(thousands)*	**8,607,151**	8,869,319
Basic earnings per share attributable to owners of the Company *(RMB cents per share)*	**5.32**	4.60

(b) Diluted

The Company has share award scheme as dilutive potential ordinary shares. For the years ended 31 December 2016 and 2015, dilutive effects arose from share award scheme adopted during both years. The weighted average number of ordinary shares is adjusted for the number of shares granted to employees that would have been transferred at the date of grant during 2016 and 2015.

The exercise of the outstanding share options would have an anti-dilutive effect on the earnings per share for the years ended 31 December 2016 and 2015.

	2016	2015
Profit used to determine diluted earnings per share *(RMB'000)*	**457,815**	408,090
Weighted average number of ordinary shares in issue *(thousands)*	**8,607,151**	8,869,319
Adjustment for:		
— effect of dilutive potential shares issuable under the Company's share award scheme *(thousands)*	**34,458**	7,776
Weighted average number of ordinary shares used to determine diluted earnings per share *(thousands)*	**8,641,609**	8,877,095
Diluted earnings per share attributable to owners of the Company *(RMB cents per share)*	**5.30**	4.60

8 Dividend

An interim dividend of HK$0.01 per ordinary share in respect of the year ended 31 December 2016 was paid, amounting to HK87,329,000,approximately RMB75,188,000. (2015: RMB73,432,000). Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2016 of HK$0.01 per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting (2015: Nil).

9 Trade and bill receivables

	2016 *RMB'000*	2015 *RMB'000*
Trade receivables	**981,576**	987,632
Tariff adjustment receivables	**175,083**	308,441
Bill receivables	**1,250**	2,348
	1,157,909	1,298,421

Tariff adjustment receivables represented the government subsidies on renewable energy received from the State Grid based on the existing government policies. As at 31 December 2016, tariff adjustment receivables of RMB160,182,000 and RMB14,901,000 were arising from electricity generated for the years ended 2016 and 2015, respectively. As at 31 December 2015, tariff adjustment receivables of RMB263,436,000 and RMB45,005,000 were arising from electricity generated for the years ended 2015 and 2014, respectively.

As at 31 December 2016, the aging analysis of the trade receivables, based on invoice date, was as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 3 months	**163,592**	346,275
3 to 6 months	**224,941**	191,642
6 to 12 months	**296,843**	381,714
Over 1 year	**234,947**	37,046
Over 2 years	**61,253**	30,955
	981,576	987,632

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

As at 31 December 2016, the maturity date of bill receivables was "within 3 months" and "3 to 6 months" (2015: Same).

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

On 28 December 2016, the Group has entered into a disposal agreement with Shaanxi Hydro Development Co., Ltd ("Shaanxi Hydro"), an independent third party to the Group, pursuant to which the Group has agreed to dispose of its entire equity interest in Yulin Century Concord Ecology New Energy Co., Ltd ("Yulin Ecology") to Shaanxi Hydro at a consideration of RMB573,925,000 (the "Disposal"). The principal activities of Yulin Ecology are solar power plant investment and operation.

Refer to the Company's announcement dated 28 December 2016 for further details of the Disposal.

The assets and liabilities attributable to Yulin Ecology, which is expected to be sold within twelve months, have been classified as held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of the Disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of Yulin Ecology as at 31 December 2016, which have been presented separately in the consolidated statement of financial position are as follows:

	2016
	RMB'000
Property, plant and equipment	1,152,092
Leasehold land and land use rights	108,844
Inventories	429
Trade and bill receivables	257,439
Prepayments, deposits and other receivables	174,933
Cash and cash equivalents	43,003
Assets of a disposal subsidiary classified as held for sale	1,736,740
Finance lease liabilities	902,778
Amonts due to a joint venture	36,221
Trade payables	243
Payables for construction in progress, other payables and accruals	50,296
Liabilities directly associated with a disposal subsidiary classified as held for sale	989,538

The above assets/liabilities classified as held for sale excluded the amounts due to subsidiary under the Group as at 31 December 2016 totalling RMB350,911,000.

11 Trade and bill payables

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**2,866,523**	2,438,275
Bill payables	**733,929**	884,222
	3,600,452	3,322,497

As at 31 December 2016, the aging analysis of the trade payables, based on invoice date, was as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 3 months	**873,570**	431,566
3 to 6 months	**284,014**	456,494
6 to 12 months	**405,717**	764,293
Over 1 year	**619,718**	557,688
Over 2 years	**683,504**	228,234
	2,866,523	2,438,275

As at 31 December 2016, the maturity date of bill payables was "within 3 months" and "3 to 6 months" (2015: Same).

12 Share capital

Ordinary shares issued and fully paid:

	No. of shares	Nominal value
	000's	*RMB'000*
As at 1 January 2015 and 31 December 2015: 8,946,234,965 ordinary shares of HK$0.01 each	8,946,235	77,449
Cancellation of ordinary shares *(Note (i))*	(73,530)	(616)
Repurchase and cancellation of ordinary shares *(Note (ii))*	(141,740)	(1,188)
As at 31 December 2016: 8,730,964,965 ordinary shares of HK$0.01 each	8,730,965	75,645

Notes:

(i) For the year ended 31 December 2015, the Group repurchased for cancellation 73,530,000 of the Company's ordinary shares from the market at a price of approximately HK$0.45 per share for a total consideration of HK$33,298,000 (equivalent to approximately RMB27,896,000), have been cancelled in 2016.

(ii) During the year of 2016, the Group repurchased a total of 161,110,000 of the Company's ordinary shares from the market at a price of approximately HK$0.35 per share, for a total consideration of HK$56,545,000 (equivalent to approximately RMB47,834,000). Of which 141,740,000 ordinary shares were cancelled in 2016 and 19,370,000 ordinary shares were cancelled in February 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In 2016, the global economy continued with the substantial degree of adjustment, and risks as a result of various changes increased. While the growths among developed economies varied, a recovery was seen in the emerging markets and the developing economies. As such, the overall global economy had maintained a moderate growth. Under this macro-environment China's economy continued to maintain its impetus of making progress while maintaining stability in 2016. Economic growth was kept within a reasonable interval with continuous optimization of the economic structure. China's economy is still the strongest engine of economic growth in the world. China's total electricity consumption for the year was 5.92 trillion kWh, representing a year-on-year growth of 5.0%, 4.0 percentage points higher than that of last year. An accelerated year-on-year growth, a continuous change of driving forces, and a changing consumption pattern were the characteristics of the electricity consumption in China.

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

1. Renewable Energy Maintained Rapid Growth

According to the data released by China National Energy Administration ("NEA"), wind power in China had maintained its healthy development trend in 2016. During the year, newly installed wind power capacity in China was 19.30GW, while the total installed grid-connected capacity reached 150GW, representing 9.0% of the total installed power generation capacity. Wind power generation was 241.0 billion kWh, representing a year-on-year growth of 30.1% and 4% of total power generation.

As at the end of 2016, the newly installed solar power generation capacity in China was 34.54GW, with total installed power capacity reaching 77.42GW, representing a year-on-year increase of 81.6%, making China to become the world's top country in terms of both newly installed and total installed capacity. Power generation output for the year was 66.2 billion kWh, representing a 72.0% growth year-on year, and accounting for 1% of total power generation output in China for the year.

China has become the world's top country in using renewable energy.

2. Steady Progress on Adjustment to Energy Structure

In 2016, the Chinese government pushed forward vigorously on energy system reforms, and successively released "13th Five-Year Plan for Power Development" and "13th Five-Year Plan for Energy Development". In line with this, the China National Energy Administration issued plans for controlling coal power generation capacity to 11 provinces and requested to stop or postpone 85 projects (with a total installed capacity of 109 million kW) All of these energy development paths pointed to a vision of creating a clean, low-carbon, safe and highly efficient modern energy system.

The proportion of non-fossil energy further increased. According to the data issued by China National Bureau of Statistics, in 2016, the net increase in the country's power generation capacity was 120 million kW, of which the net increase in non-fossil energy power generation capacity was 72 million kW, similar to the level of last year, while the figure of net increase in coal power reduced by 11.54 million kW year-on-year. As at the end of 2016, the proportion of non-fossil energy to total power capacity increased by 1.7 percentage points as compared with last year.

The renewable energy quota system was put on the agenda. In March 2016, NEA issued the "Guiding Opinions on Guiding Mechanism for Setting Renewable Energy Development and Utilization Targets", which specified the consumption proportion of non-hydro renewable energy to the total electricity consumption in each province (region and city) to be achieved by 2020. Not only the power generation enterprises were provided with concrete indicators with respect to the capacity of non-hydropower renewable energy as a proportion of total power generation, but the Trading Mechanism for Green Certificate of Renewable Energy Power has also been proposed.

The investment in the areas of curtailment is under control. In July 2016, NEA published the "Notice on the Establishment of the Wind Power Monitoring and Warning Mechanism to Promote a Sustainable and Healthy Development of the Wind Power Industry", which provided the provinces and regions with a warning system of risk ratings, defined according to their wind power consumption status for the adoption of corresponding administrative measures. Where the average wind power utilization hours are less than the minimum guaranteed purchased hours as prescribed for a region, the risk warning will be determined as "red". NEA will not issue an annual construction capacity target for the year in which the warning is issued, approval of new wind power projects will be suspended, and the power grid enterprises will not process any new grid connection. For regions with more than 20% wind power curtailment, the risk warning will be determined as "orange" or above, and in principle, NEA will not issue the region's annual development construction capacity target for the year.

The construction of ultra-high voltage (UHV) long-distance transmission lines gathered momentum. UHV has been expressly approved as the energy transmission path to solve the problem of inverse distribution of energy resources in China. Numerous projects, such as Jiuquan-Hunan, West Inner Mongolia-South Tianjin, Ximeng-Shandong, Yuheng-Weifang, have stepped up their construction. It is expected that these projects, after their launch of operation, will bring significant benefits on mitigating the wind power and solar power curtailment problem in the Northern areas.

3. Significant Technological Advancement with Higher Equipment Efficiency and Lower Power Generation Costs

The technology of renewable energy has improved significantly, which led to an increase in equipment efficiency and a drop in costs. In respect of photovoltaic power generation, the conversion efficiency of modules was further enhanced. As for wind power generation, higher tower tubes and wind turbines with large blades were improved and their applications were promoted. China's "13th Five-Year Plan for Energy Development" suggested that "In 2020, the electricity rates of wind power projects will compete at the same level with local coal-fired power generation, while the electricity rates of photovoltaic projects can compare with the selling rates of grid electricity". This is also a signal for the industry: that the industry should increase its pace of cost reduction through further technological innovation and technical advancement, get rid of its reliance on policy subsidies, and endeavour in increasing the economic values and competitiveness of renewable energy.

4. Continuous Decline in Required Reserve Ratio with Favourable Financing Environment

In 2016, the People's Bank of China continued to cut the required reserve ratio of RMB deposit for financial institutions by 0.5 percentage point to keep a favourable financing environment while maintaining a low level of financing costs for projects.

II. BUSINESS REVIEW

During 2016, the Group's revenue amounted to RMB1,785,166,000 (2015: RMB3,478,562,000), decreased by 48.68% as compared with the same period last year; profit attributable to equity holders of the Group amounted to RMB457,815,000 (2015: RMB408,090,000), increased by 12,18% as compared with the same period last year. The basic earnings per share were RMB5.32 cents (2015: RMB4.60 cents) increased by 15,65% as comprised with the same period last year; and the fully diluted earnings per share was RMB5.30 cents (2015: RMB4.60 cents).

As at the end of the Year, the Group's net asset value was RMB5,225,750,000 (31 December 2015: RMB4,821,905,000). As at the end of the Year, the Group's cash and cash equivalents were RMB1,891,277,000 (31 December 2015: RMB1,596,081,000).

During the Year, the Group's profit derived from power generation business was significantly improved. The Group adapted to national policy changes by proactively adjusting its business model, expanding the ratio of "build and sell" business and cutting the scale of EPC business, resulting in a substantial decrease in revenue and profit from the EPC sector as well as a considerable reduction in the Group's consolidated revenue. However, with the significant increase in the revenue from project transfers, the Group had maintained the growth of its overall profit.

1. Investment in Power Plants Development and Operation

i. Power Generation Maintained Rapid Growth with Remarkably Improved Power Plant Efficiency

In 2016, the Group's generation output attributable to the Group was 2,077.80 million kWh (2015: 1,565.76 million kWh), up 32.70% as compared with last year, of which wind power generation output was 1,335.39 million kWh (2015: 1,037.20 million kWh), up 28.75% as compared with last year, while solar power generation was 742.41 million kWh (2015: 528.56 million kWh), up 40.46% as compared with last year.

During the year, the power plants with equity interests held by the Group generated electricity output of 3,722.35 million kWh (2015: 3,048.05 million kWh), up 22.12% as compared with that of last year, of which wind power generation was 2,949.56 million kWh (2015: 2,487.41 million kWh), up 18.58% as compared with that of last year and solar power generation was 772.80 million kWh (2014: 560.64 million kWh), up 37.84% as compared with that of last year.

During the Year, the power plants controlled by the Group achieved a revenue amounting to RMB674,032,000 (2015:RMB434,501,000) from power generation. The Group's share of net profits from associates and joint ventures amounted to RMB92,811,000 (2015: RMB69,074,000).

ii. Power Plant Operation Indicators and Average Feed-in Tariff

During 2016, the wind turbines of wind farms with equity interests held by the Group recorded an availability rate of 96.14% (2015: 95.01%) and 1,692 hours of equivalent full-load utilization hours (2015: 1,618 hours). The solar power plants with equity interests held by the Group recorded an availability rate of 98.89% (2015: 99.15%) and equivalent full-load utilization hours of 1,432 hours (2015: 1,553 hours). The average wind power curtailment rate for the wind farms with equity interests held by the Group was 19.31% (2015: 20.40%); and the average solar power curtailment for the solar power plants with equity interests held by the Group was 9.44% (2015: 2.16%).

During the Year, the weighted average feed-in tariff rate of the Group's wind power was RMB0.5636/kWh (including VAT) (2015: RMB0.5585/kWh). The weighted average tariff rate of the Group's solar power was RMB0.9703/kWh (including VAT) (2015: RMB1.016/kWh).

iii. Power Plant Capacity Achieved Steady Growth

In 2016, the total installed capacity of power projects with equity interests held by the Group was 816MW (2015: 663MW), among which there were 6 continued projects with installed capacity of 288MW and 11 new construction projects with installed capacity of 528MW. 15 of these projects were wind farms with capacity of 756MW and attributable capacity of 732MW, and 2 were solely-funded solar power plants with capacity of 60MW.

During the Year, the Group added 9 new wind plants and solar power plants to production, with total installed capacity of 470MW (2015: 365MW) and attributable capacity of 446MW (2015: 291MW), of which 8 were wind farms with capacity of 420MW and attributable capacity of 396MW and 1 was solely-funded solar power plant with capacity of 50MW.

As at the end of the Year, the Group held interests of 54 grid-connected wind and solar power plants, with a total capacity of 2,547MW and attributable capacity of 1,601MW, of which 39 were wind farms with total capacity of 2,053MW and attributable capacity of 1,125MW, and 15 were solar power plants with total capacity of 494MW and attributable capacity of 476MW.

iv. ***Early Development Concentrated in Non-Curtailed Regions with Abundant Resource Reserves***

During 2016, 14 projects of the Group with a total capacity of 762MW have either been approved by or submitted to energy authorities, among which 9 projects were wind power projects with a total capacity of 632MW and 5 solar power projects with a total capacity of 130MW.

During the Year, 11 of the Group's wind power projects with a total capacity of 728MW have been included in the construction programme list "2016 Programme for the Nationwide Development and Construction of Wind Power" issued by NEA, all of which were located in the regions with good access to the grid and no curtailment.

During the Year, the Group entered into new agreements in relation to wind power resources of 2,850MW, and solar power resources of 500MW. As of the end of the Year, the Group's wind power resources reserve amounted to over 28GW and solar power resources reserve amounted to 8GW, which have provided the assurance for the Group's sustainable development.

v. ***Significant Increase in Financing Capacity***

In 2016, the Group's credibility in the financial system was strengthened. Century Concord Wind Power Investment Co., Ltd. ("Concord Wind Power"), a wholly-owned subsidiary of the Group, successfully registered Green Note in the PRC with National Association of Financial Market Institutional Investors with a registered capital of RMB500 million, which became the first Green Note from non-financial enterprises in the domestic market. At the end of the Year, Concord Wind Power obtained the approval from China Securities Regulatory Commission and Shanghai Stock Exchange to issue Green Notes in aggregate of RMB1,000 million, which will be issued at a selected time according to market condition.

During the Year, the financing of the Group's investment projects progressed satisfactorily. Throughout the Year, 10 construction project loans were completed with aggregate contract value of RMB2,870 million and drawdown amount of RMB1,550 million.

2. Renewable Energy Service Sector

i. Scale of EPC Business Remained Stable with Awards Received for Construction and Design

The Group's company in the EPC sector can provide Engineering, Procurement and Construction (EPC) services for our internal and external market. During 2016, we undertook 22 external and internal EPC projects with a total capacity of 990MW (2015: 998MW). Given the changes of the Group' s operation strategy, the Group transformed certain EPC projects originally provided for external parties into the Group's investment construction, which would be sold at selected points of time after their commencement of operation ("build and sell" business model). During the Year, there was an increase in the Group's internal projects and a decrease in external projects, therefore, revenue generated by EPC section showed a substantial decline.

During the Year, the Group's engineering company and design company undertook the "Exemplar Project of Circular Economy at Huolin River — 300MW Wind Power Construction" as the chief contracting unit and design unit for wind power construction. The project was awarded the honour of "2016 Premium Quality Power Construction in China" by China Electric Power Construction Association and the honour of "2016-2017 Premium Quality Construction in China" by China Association of Construction Enterprise Management successively, which demonstrated its recognition by the industry.

In 2016, the Group's design company independently contracted the "Shanxi Wucheng 20MW Photovoltaic Power Stations Poverty Alleviation Project" as the general EPC contractor, marking a major leap in the design company's ability. Meanwhile, in addition to providing construction design services for the EPC projects, the Group's design company, as a member of the integrated EPC group, also provided resources assessment and consulting services for the Group and external renewable energy investors. During the Year, the Group completed 202 wind or solar resources assessment and technical advisory reports, 52 feasibility studies, 10 preliminary designs and 10 construction designs.

During the reporting period, the Group's design company submitted an application to National Equities Exchange and Quotations Co. Ltd.*(全國中小企業股份轉讓系統有限責任公司) for a quotation and open transfer of its shares on the National Equities Exchange and Quotations*(全國中小企業股份轉讓系統)("New Third Board"). The Group has submitted an application in relation to the Potential Quotation to The

Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange, which has been approved.

During the year, the Group's design and consulting companies, equipment procurement companies and engineering companies generated a total revenue of RMB1,043,685,000 (2015: RMB2,960,462,000).

ii. Operation and Maintenance Company Made Marked Progress with the launch of Power+ System

Power plant operation and maintenance (O&M) is a business area prioritized by the Group for the development. The Group's O&M companies provided full O&M services, preventive tests, technical renovation and overhaul, wind power prediction and other services to internal and external power plants, as well as carried out maintenance engineering and regular inspection services for turbine manufacturers during the warranty period. The Group's O&M companies used means of information technology such as big data, cloud computing, internet of things and Internet to actively build a cloud O&M model. By researching and developing the big data operation and maintenance platform "Power+", which we own the intellectual property rights, the Group's O&M companies offered customers with customized and precise operation and maintenance services.

During the Year, Beijing Century Concord Operation and Maintenance Co., Ltd. ("Concord Operation and Maintenance") of the Group, passed the assessment on wind farm and photovoltaic power station's operation and maintenance capability by China General Certification Centre, making it the third wind power operation and maintenance enterprise, and the second photovoltaic operation and maintenance enterprise to pass the assessment by the Centre. This represents that the Company's wind power and photovoltaic operation and maintenance capability has reached the top-tier standard in the industry. Concord Operation and Maintenance was successfully awarded the honour of "2016 China's Top 10 Wind Turbine Operation and Maintenance Enterprises in Wind Power Industry". In the 2016 "Wind Power Cup", an election for the best wind power enterprises, Concord Operation and Maintenance received the top rank under the wind power O&M enterprises category in Internet voting and was awarded the title as "The Best Wind Power Enterprise".

Meanwhile, Concord Operation and Maintenance has comprehensively exercised "7s" management and won unanimous applause from its customers. Guanshan Project Team was awarded the honour of "Ankang Cup (Shanghai Division) Outstanding Team" by All-China Federation of Trade Unions and State Administration of Work Safety. In addition, Tianchang Project Team, Tianjin Eco-city Project Team, Cha'er Lake Project Team and Zhangdong Project Team, etc., all received commendations and rewards from their customers.

The O&M Company utilizes "Power+", the Group's self-developed cloud platform, and integrates big data with artificial intelligence to establish a new mode of operation and maintenance for renewable energy power stations. Good economic benefits have already been achieved during the Group's internal trial period, and it is anticipated that the application will be launched to the external markets in the future.

During the Year, Concord Operation and Maintenance undertook operation and maintenance business for 56 wind farms and solar power plants; entered into contracts with turbine manufacturers in 6 projects of regular inspection service; and signed 11 contracts with power plants in respect of preventive tests, as well as technical renovation and overhaul services.

During the Year, the business segment contributed a revenue of RMB67,449,000 (2015: RMB83,599,000) to the Group.

III. ENVIRONMENTAL POLICY AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Environmental Protection

In addition to financial performance, the Group believes that high standard of corporate social responsibility is critical in establishing good corporate and social relations, motivating employees and creating sustainable returns for the Group. The Company is committed to active contributions to the environment and the development of community sustainability in the regions where the Company operates and the Company's stakeholders reside.

The Group is engaged in the business of renewable energy power generation such as wind power and solar power generation, focusing on the investments in environmental protection and conservation of water and soil. It is necessary to obtain approvals for environmental protection and water and soil conservation scheme before any project commences, and to acquire acceptance for environmental protection and soil and water conservation from the relevant government departments after a project goes into operation. The Group also strives to maintain the sustainable development for the environment as well as for the human race, and commits to its responsibilities in improving the energy structure, mitigating air pollution and reducing greenhouse gas emissions and haze.

During the Year, Zhangdong Project Company was appraised as the "Environment-friendly" wind farm by winning in the fierce competition among 42 wind farms, which was hosted by Liaoning Power Grid. It is the third consecutive year for the company to be awarded this title. Gansu Guazhou Century Concord Wind Power Co., Ltd. and Wuwei Century Concord Solar Power Co., Ltd., both being companies under the Group, were awarded the honorary title of "Environment-friendly New Energy Power Plant" by Gansu Electricity on 27 January 2016.

During the Year, the electricity generated by the wind power plants and solar power plants invested by the Group was equivalent to the reduction of 3,150,000 tons of carbon dioxide emission, 32,444 tons of sulfur dioxide emission and 2,878 tons of nitrogen oxide emission. Moreover, as compared with the electricity generated by coal-fired power plants, the Group's wind and solar power plants saved 1,100,000 tons of standard coal and 9,180,000 tons of water during the period. As at the end of the reporting period, the Group's invested wind and solar power plants had cumulatively reduced carbon dioxide emission by 16,680,000 tons, sulfur dioxide emission by 166,519 tons, and nitrogen oxide emission by 14,754 tons. 5,660,000 tons of standard coal and 47,080,000 tons of water have been saved cumulatively. The reduction of emissions of pollutants has made a contribution to the reduction of PM10 and PM2.5 concentration in the atmosphere to reduce smog.

Compliance with Laws and Regulations

During the Year, to the best knowledge of the management, the Group has complied with the relevant standards, laws and regulations that have significant impacts to our businesses. At the same time, the Group always maintains a safe working environment for staff in accordance with relevant safety policies.

Employment and Labour Practices

The Quality of Work Environment

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

Health and Safety

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

Community Involvement

The Group actively fulfilled their social responsibilities, participated in social welfare undertakings, subsidized professional education in universities, donated education and public infrastructure where the projects are located, and actively participated in community activities. Employees of the Group also participated individually in charity activities including donation to poverty stricken students and caring for the disabled.

Customer and supplier relationships

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

The Group's largest 5 customers accounted for 56% of the total sales for the Year, including 18% from the largest customer. The largest customer is Hubei Jinquan Wind Electricity Co., Ltd., which is a wholly-owned subsidiary of Huadian Fuxin Energy Corporation Limited. The company's EPC projects were undertaken by The Group.

The Group's largest 5 suppliers accounted for 72% of the total purchases for the Year, including 32% from the largest supplier. The largest supplier is Xiangdian Wind Energy Co., Ltd. It supplies wind turbine equipment for some of the wind power projects invested or EPC contracted by the Group .

IV. EMPLOYEES AND REMUNERATION

As of 31 December 2016, the Group had 1,183 full-time employees (31 December 2015: 1,068), 117 of whom worked at the Group's headquarter, 324 in project development and management, 176 in engineering consultancy, design, equipment procurement and construction (EPC) and 566 in operation and maintenance.

During the year, the Group's staff costs amounted to RMB126,767,000 (2015: RMB117,888,000), representing a year-on-year increase of RMB8,879,000.

V. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group held cash and cash equivalents of approximately RMB1,891,277,000 (31 December 2015: RMB1,596,081,000), the current ratio was 1.15 times (31 December 2015: 1.11 times), gearing ratio (long term debt divided by owner's equity) was 0.64 (31 December 2015: 0.59). At the end of the reporting period, the Group's bank borrowings amounted to RMB3,426,660,000 (31 December 2015: RMB3,189,492,000), and net assets of the Group stood at RMB5,225,750,000 (31 December 2015: RMB4,821,905,000).

Charge of Asset

As of 31 December 2016, the equipment of the Group was pledged as security for outstanding loan amount of RMB781,150,000 (31 December 2015: RMB936,950,000).

Contingent Liability

As at 31 December 2016, the Group has pledged its 49% equity interest in Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. ("Erlian"), with the total value of its registered capital of approximately RMB37,240,000 (31 December 2015: RMB37,240,000). The outstanding balance of banking facilities of Erlian as at 31 December 2016 was RMB53,941,000 (31 December 2015: RMB64,739,000).

Save for the information as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2016.

Commitments

As at 31 December 2016, the Group had capital commitments of RMB3,338,807,000 (31 December 2015: RMB2,337,042,000) which were not accounted for in the financial statements. The amount was mainly capital committed for investment in power plants of RMB1,073,409,000 (31 December 2015: RMB634,736,000) by the subsidiaries, and capital committed but unpaid for payment of equipment purchased of RMB2,265,398,000 (31 December 2015: RMB1,702,306,000) by the subsidiaries.

VI. RISK FACTORS AND RISK MANAGEMENT

Risks Associated with Policies

Wind power and solar companies are largely dependent on policies of the state and the industry, laws and regulations and incentive schemes. Changes of policies, laws and regulations with respect to equipment manufacturing and power grid industry's upstream and downstream have a great impact on the wind power and solar enterprises. Although the conditions for connection to the grid are improving gradually, the problem of energy waste caused by the curtailment of wind power and solar power is still negatively affecting the industry's development. The provinces (cities and autonomous regions) may also promulgate regional policies for power tariff settlement. The risks caused by changes in various factors will affect the operation of the Company.

Risks Associated with Climate

The annual fluctuation of wind and solar resources is the primary climatic risk that is faced by the wind power and solar power industry. With a vast territory, there are great variations in the factors in different regions that affect their climates, such that different regions experience different climatic characteristics during a same period of time. According to the "2016 China Wind and Solar Energy Resources Bulletin" published by China Meteorological Bureau, 2016 was a year in which areas such as Shanghai, Jiangsu, Shandong had experienced rather low wind speeds, while areas such as Chongqing, Guangxi, Shanxi, Sichuan and Shaanxi had experienced relatively high wind speeds. In response to the risk brought about by climate, the Group has already completed wind power and solar power generation projects in 14 provinces (cities and autonomous regions) which are in production. We will continue to optimize the distribution to further counteract the impact caused by the climatic risk

Risks Associated to Power Grids

In recent years, wind power and solar power curtailment has become a major concern. With reasons such as low consumption of electricity, unreasonable structure of power grids and the construction of grid lines which lag behind the expected schedule, the situation for wind power and solar power curtailment is by no means optimistic. The Group will continue to research on the characteristics of operation and methods of consumption for wind power and solar power and make good judgements on the trend of policy changes, so as to take advantage of government policies to mitigate the problem of power curtailment. The Group will proactively communicate with the government and grid companies, and take the initiative to capture market share in power generation. Internally, we will strengthen production and operation management, optimize means of operation, improve utilization rates by arranging for proper inspection and maintenance of equipment, so as to minimize the time of shut down.

Interest Rate Risk

The Group is principally engaged in domestic investment in wind power and solar power plants, which requires enormous capital expenditure and has relatively high demand for borrowed funds. Changes in interest rate will certainly have an impact to the Group's cost of capital. With sound performance and credibility, a stable debt structure and diversified financing channels, the Group has consistently enjoyed financing interest rates that are lower than the average level of our peers.

Exchange Rate Risk

The Group's business is primarily located in mainland China with most of its revenue and expenses denominated in Renminbi. The Group also has a small portion of its investments overseas and loans denominated in foreign currencies. Fluctuations in Renminbi exchange rate will result in foreign exchange losses or gains from the Group's overseas business. The Group has not used any financial instruments for hedging purpose.

VII. PROSPECTS

In recent years, under the backdrop of the international mainstream issue of fighting global climate change, the transition to cleaner, low-carbon and efficient energy sources has become the major trend. On 4 November 2016, the Paris Agreement on global climate change was duly implemented, providing a political, economic and legal basis for the global transition to low-carbon energy sources. The fundamental change of global energy's structure may be much sooner and more vigorous than expected. The Chinese government also made it clear that, carbon emissions would reach the peak by 2030, and the proportion of non-fossil energy to total energy consumption would increase to more than 20%. As such, renewable energy sector has plenty of room for development and expansion.

With the ever-changing technological revolution, the economical efficiency of renewable energies has been greatly enhanced. In recent years, the cost of new energy sources such as photovoltaic, wind power and solar thermal has shown a significant decline. With the advancing technologies, increasing investment and enhancement of large-scale production of new energies, it is expected that further improvement in the cost structure can be achieved. As it has been the development trend for new energies to experience a rapid cost decrease, soon it will be the time for new energies to become affordable for grid-connection. The renewable energies will sustain in market competition by leveraging on their own economic advantages and seek further development.

Although we are still faced with the impact of unfavourable factors such as the lagging behind of subsidies for renewable energy, electricity consumption problems in some areas and limitations to the condition of transmission, we are pleased to see that the situations are constantly improving. Under the background of stringent constraints on resources and environment, air pollution and ecological deterioration, the transition to green energies has become increasingly urgent. Wind power in China is developing from the "supplemental energy" in the "12th Five-Year" period to a stage of "substitute energy" in the "13th Five Year" period.

Following the implementation of a series of measures including the Group's south-bound development, solar energy development and optimization of capital structure in recent years, the Group's assets in power plants as well as its proportion of earnings from power generation business have been increasing. According to the changes in the macroeconomic environment, the Group will also adjust its business strategy to achieve maximum return of shareholders' interests and social benefits. In response to the impact and opportunities brought about by the power system reform, the Group actively, on the one hand, seeks business opportunities in terms of electricity sales and distribution network construction, and on the other hand, endeavors to reduce the unit cost of electricity produced by the Group, so as to cope with the coming period of competitive bidding and low feed-in tariff for grid connection.

The Group will continue to carry out the following operating strategies in 2017:

1. Control reserved resources and maintain the core competitiveness of project development. The Group will persist in its development strategy in the areas without curtailment. Investments will be further increased to develop wholly-owned or controlled wind power and solar power projects with good economic benefits in areas without curtailment.

2. Strengthen production safety and improve revenue from power generation. The Group will closely follow the reform process and strive to consummate electricity marketing; establish cost-priority awareness with reasonable cost control; reasonably adjust the mode of power plants operation to reduce power consumption rate; and improve equipment availability through effective management and technological transformation.

3. Continue to focus on the development of asset-light services sector. The Group will improve the management capability of the service business sector, implement the employee shares ownership scheme, enhance the motivation and initiative of employees, and expand external businesses actively by leveraging on the integrated advantage as a combination of design, procurement and construction companies as well as operation and maintenance companies; vigorously promote and improve the POWER+ system, enhance the technical capacity of the operation and maintenance services as well as the quality of services.

4. Strive to reduce power generation cost by holding a number of power plants with low power generation cost. The Group will, by making practical efforts, steadily reduce the cost of power generation to enhance its competitiveness in a period of competitive bidding and low-tariff grid connection. It will continue to optimize and adjust the Group's capital structure, dispose of inefficient assets and make full use of idle assets.

5. Improve management, enhance efficiency and continue with the implementation of cost control. The Group will promote the reform of reward and incentive mechanisms and optimize its work in auditing, supervision and mitigation of risks.

6. Keep close track of and participate actively in the power system reform, so as to bring new initiatives for the Group's development.

We believe, in the coming year, the Group's management and all employees will work together and forge ahead, create even better results and bring better returns to the shareholders and the society.

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

During the year ended 31 December 2016, the Company repurchased a total of 161,110,000 ordinary shares of the Company for an aggregate consideration of HK$56,545,000 (equivalent to approximately RMB47,834,000) on The Stock Exchange of Hong Kong Limited, all of the purchased shares were subsequently cancelled by the Company upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

DIVIDENDS

An interim dividend of HK$0.01 per ordinary share totalling approximately HK$87,329,000 (equivalent to approximately RMB75,188,000) was paid in respect of the year ended 31 December 2016 (2015: HK$0.01 per share). The board of directors recommends to declare a final dividend of HK1.0 cent per ordinary share in respect of the year ended 31 December 2016 (2015: Nil), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. Based on the number of issued ordinary shares as of the date of approving this consolidated financial information, the proposed final dividend amounting to HK$87,116,000 (equivalent to approximately RMB77,370,000). This consolidated financial information does not reflect this amount as dividend payable as at 31 December 2016. Further announcement will be made by the Company for the date of closure of register of members.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2016, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rule.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 year ended 31 December 2016.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Dr. Wong Yau Kar, David, BBS, JP and Mr. Yap Fat Suan, Henry, and Ms. Huang Jian. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Group's consolidated financial statements for the year ended 31 December 2016 have been reviewed by the Audit Committee.

APPRECIATION

The Board wishes to take this opportunity to express its gratitude to the employees of the Group for their contribution and dedication to the Group. We also thank our shareholders, customers and business partners for their continuous support.

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

Hong Kong, 8 March 2017

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