Concord New Energy Group Ltd. (0182.hk)

- An Experienced and Integrated Wind & Solar Developer and Operator

2016 Annual Results Presentation

8th Mar 2017

Generate For Generations

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2016 Financial Summary

	Monetary unit : RMB	As of 31st Dec 16	As of 31st Dec 15	Change
Balance Sheet	Net assets	5,225.75 mil	4,821.91 mil	+8.38%
	Cash and cash equivalent	1,934.28 mil	1,596.08 mil	+21.19%
	Gearing ratio *(Total Liabilities divided by Total Assets)*	0.64	0.60	+6.67%
Consolidated P&L	Revenue	1,785.17 mil	3,478.56 mil	-48.68%
	Net Profit	461.62 mil	406.94 mil	+13.44%
	Fully diluted EPS	5.30 cent	4.60 cent	+15.21%
Segment Revenue	Power generations[1]	674.03 mil	434.50 mil	+55.13%
	EPC	1,043.69 mil	2,960.46 mil	-64.75%
	Operation & Maintain(O&M)	67.45 mil	83.60 mil	-19.32%
Segment Profit[2]	Power generations	296.53 mil	255.71 mil	+15.96%
	EPC	33.97 mil	146.56 mil	-76.82%
	O&M	11.35 mil	6.55 mil	+55.91%
	Other gain, net (Net profit by Build & Transfer)	130.84 mil (158.62mil)	8.56 mil	+1428.50%

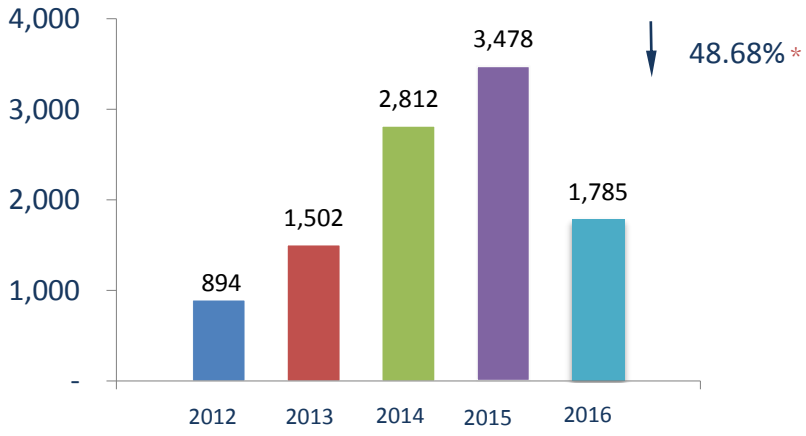
1. *Power generation revenue from consolidated power plants*
2. *The Segment Profit are calculated based on Notes2 of financial report, and single out the other gains. The net profit of power generation includes the power generation, URP release, deferred tax contribution and shared profits of joint ventures.*

2016 Operational Summary

		As of 31st Dec 2016		As of 31st Dec 2015		Change	
		Total	Equity	Total	Equity	Total	Equity
Power Plant Investment	Total capacity in operation	2,547MW	1,601MW	2,196MW	1,250MW	+15.98%	+28.08%
	-Wind	2,053MW	1,125MW	1,681MW	753MW	+24.98%	+52.46%
	- Solar	494MW	476MW	515MW	497MW	-4.25%	-4.41%
	Total newly added capacity	470MW	446MW	365MW	291MW	+28.77%	+53.26%
	- Wind	420MW	396MW	181MW	120MW	+132.04%	+230.00%
	- Solar	52MW	52MW	184MW	171MW	-71.74%	-69.59%
Power Generation Output	Total wind power generation output	2,949mil kWh		2,487mil kWh		+18.58%	
	Total attributable wind power generation output	1,335mil kWh		1,037mil kWh		+28.75%	
	Weighted average wind plant capacity factor	1692 hours		1618 hours		+4.57%	
	Total solar power generation output	772mil kWh		561mil kWh		+37.84%	
	Total attributable solar power generation output	742mil kWh		528mil kWh		+40.53%	
	Weighted average solar plant capacity factor	1432 hours		1553 hours		-7.79%	
	Weighted average tariff (RMB)						
	-Wind	0.5636/kWh		0.5585/kWh		+0.91%	
	-Solar	0.9703/kWh		1.016/kWh		-4.50%	
	Wind Turbines availability rate	96.14%		95.01%		+1.19%	
	Solar Modules availability rate	98.89%		99.15%		-0.26%	
	The Average Grid Curtailment of Wind	19.31%		20.40%		-5.34%	
	The Average Grid Curtailment of Solar	9.44%		2.16%		+337.04%	
EPC and O&M	No. of projects constructed	17		21		-19.04%	
	No. of design & consultancy reports provided	274		219		+25.11%	
	No. of Operation & Maintain service projects	56		50		+12.00%	
Human Resources	Total No. of full time employees	1,183		1,068		+10.77%	
Emission Reduction	Total tons of CO_2 emission reduction	3,150,000tons		2,860,000tons		+10.14%	

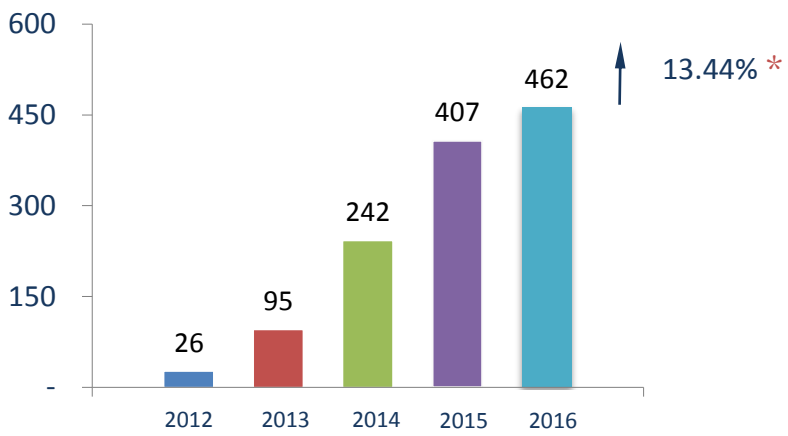
2012 to 2016 Historical Performance

Revenue （mil）



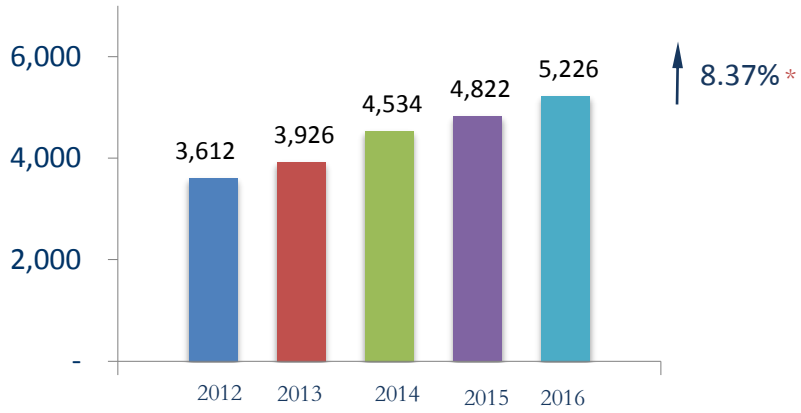
* Change% between 2016 & 2015

Net Profit （ mil ）



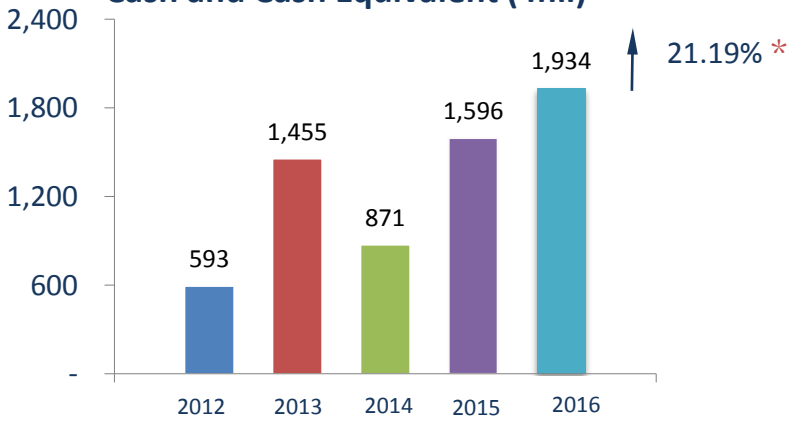
* Change% between 2016 & 2015

Net Asset (mil)



* Change% between 2016 & 2015

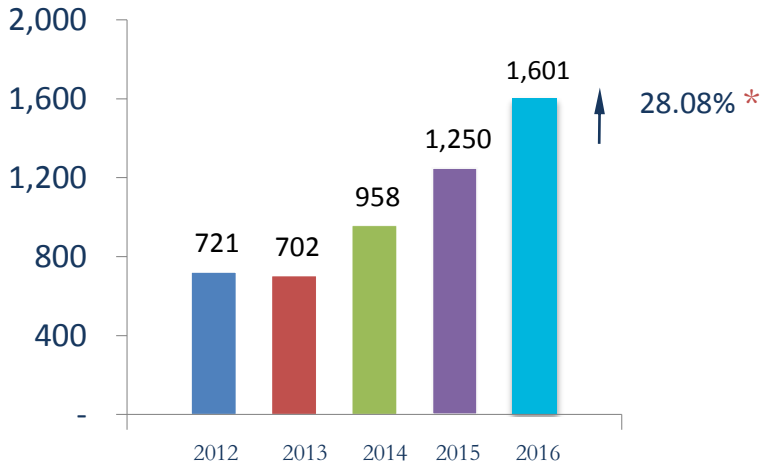
Cash and Cash Equivalent (mil)



* Change% between 2016 & 2015

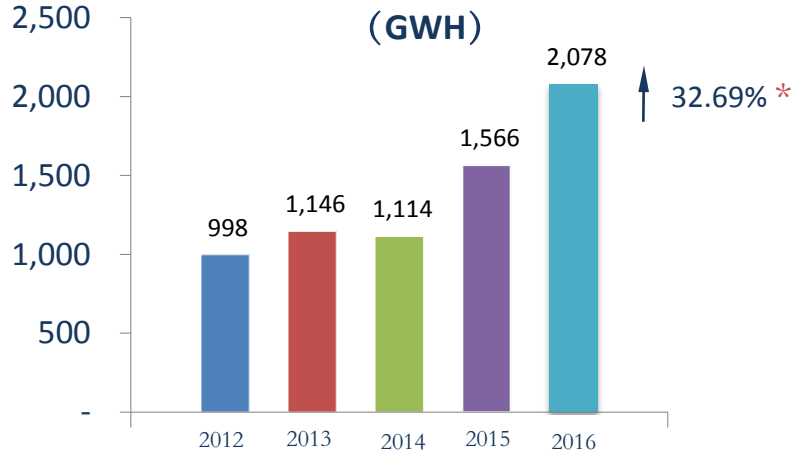
2012 to 2016 Historical Performance（Continued）

Attributable Installed Capacity（MW）



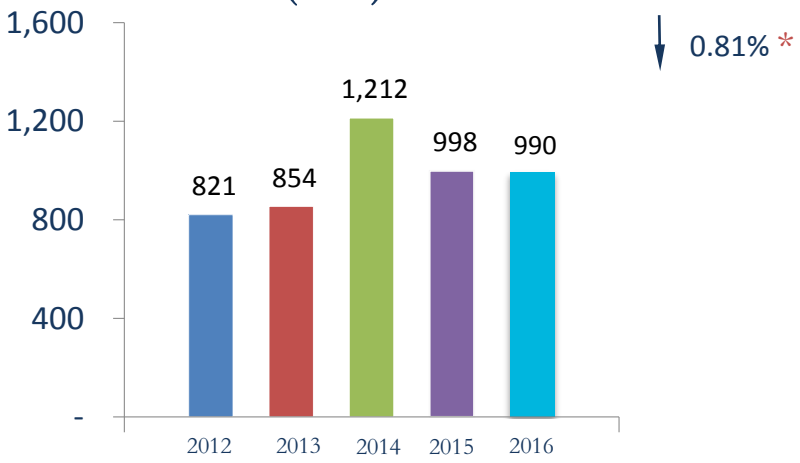
* Change% between 2016 & 2015

Attributable Power Generation Output（GWH）



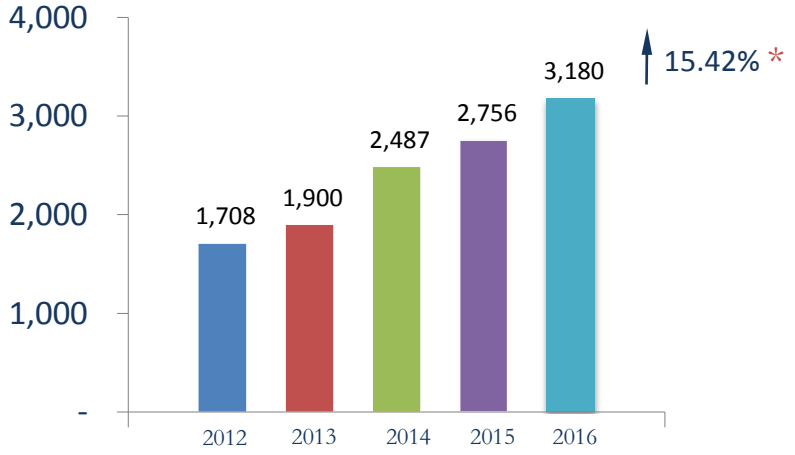
* Change% between 2016 & 2015

EPC Scale（MW）



* Change% between 2016 & 2015

O&M Scale（MW）



* Change% between 2016 & 2015

Company Overview

Concord New Energy Group Limited (0182.hk)

- **Total shares outstanding: 8.73 bn**
- **Total assets: 14.34 bn**
- **Net assets: 5.23 bn**
- **2016 Revenue: 1.79 bn**
- **2016 Net Profit: 0.46 bn**
- **(as of 31 Dec 2016)**

Wind Power

- One of the earliest enterprises that involved in wind power investment;
- 10-year experience of development and operation;
- Over 28GW of exclusive wind resources in the pipeline;
- Currently owns and operates 39 wind power plants (total capacity: 2,053MW, attributable installed capacity: 1,125MW) focusing on southern China.

Solar Power

- Expanded into solar power since 2010;
- Currently owns and operates 15 solar power plants (total capacity: 476MW, attributable installed capacity: 458MW);
- Over 8GW of exclusive solar resources in the pipeline.

Investment

Services

Design & Development

Engineering, Procurement & Construction (EPC)

Operation & Maintenance (O&M)

An experienced and integrated SOLAR & WIND developer and operator, with rich resources and solid qualifications

Latest Industry Outlook

1. According to the "13th Five-year" plan, China's non-fossil energy sources will occupy 15% of total energy consumption, and total installed capacity for wind power and solar power will reach 210GW and 110GW respectively by 2020 in Mainland China.

2. On February 3, 2017, the National Development and Reform Commission announcing a nationwide pilot program on issuing green power certificate for renewable energy and voluntary subscription of the certificate

3. On February 10, 2017, the National Energy Administration issued "Guiding Opinions on Energy Related Work for 2017". The annual target is that, among the total energy consumption of 4.4 billion tons of standard coal equivalent ("SCE"), non-fossil energy consumption should reach 14.3%, natural gas consumption should reach 6.8%, and coal consumption should be lowered to around 60%. In new energy sector, there should be steady development of wind power, and optimization of wind power construction distribution, shifting new construction to Central and East China, and South China. New installation of grid-connected capacity shall be under strict control in areas with serious grid curtailment.

4. As the electric power system reforms accelerated,the technology progresses and the cost of power generation declines,resulting in the new era of electricity bidding system. According to the "13th Five-year" plan, in 2020,the electricity tariff of wind power projects will compete at the same level with local coal-fired power generation, while the electricity tariff of solar projects can be comparable to grid electricity.

5. At the end of 2016, newly installed wind power capacity in China was 19.30GW, while the total installed grid-connected capacity reached 149GW, representing 9.0% of the total installed power generation capacity. The newly installed solar power generation capacity in China was 34.54GW, and the total installed grid-connected power capacity reaching 77.42GW, representing 4.7% of the total installed power generation capacity. Wind power generation was 241.0 billion kWh, representing 4% of total power generation. In 2016, power generation output was 66.2 billion KWh, representing 1.1% of total power generation output. China has become the world's largest supplier of renewable energy.

Latest Company News

1. In 2016, power generation business developed rapidly, attributable power generation increased by 32.70% , the net profit of power generation business accounted for more than 60%, and it has been the main part of the net profit of CNE.

2. The company complying with the trend of change and power mechanism reformation adjusted development strategy timely. While maintaining the steady development of new energy business, the Group actively explored the reformation of electric power to bring new opportunities. Group began to set up electricity sales company and develop new distribution network business.

3. In 2016,Group promote the BT model and made satisfactory progress,. We sold a 102 Mw Solar project and signed a contract to sell a 200 Mw Solar project in Yushen, which has been executed and delivered at the beginning of 2017, laying a solid foundation for BT business in 2017.

CNE Three-Year Operational Strategy and Development Target

Operational Strategy and Development Target（2016-2018）
1. By the end of 2018, the Group's attributable capacity will reach 2,000 megawatts. At the same time ,the power generation business becomes the core business and its profit proportion reaches to more than 50%.
2. The Group will maintain the scale for more than 700MW annually approved projects and completed projects about 600Mw. BT model projects is about 300Mw.
3. Actively developing operation and maintenance (O&M) service, combining Internet of Energy technology and big data application, improving O&M techniques and coverage, and enhancing power plant operational efficiency through technical renovation and technology upgrade.
4. Adhering on development to the region without grid curtailment and appropriating to the expand oversea business, Group will optimize asset allocation and decentralize single market risk.
5. The Group is closely tracking the reformation of electric power system and exploring opportunities, yet moderate investment has been made in new businesses such as market trading of electricity and new power distribution network, fostering future growth of the Group.
6. Taking the advantages of our design company, Group will embrace the era of electricity bidding system by making equipment selection ,realizing design optimization and reducing costs.

Wind Power Projects in Operation and Under Construction

Operating Wind Power Plants:

2,053MW – total capacity; 1,125MW – attributable capacity

Year	Project name	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Attributable Capacity
2006	Chantu Phase I	Liaoning	50.25	25%	0.64	12.56
2008	Taiqi Phase I	Inner Mongolia	49.5	49%	0.52	24.26
2008	Erlianhaote Phase I	Inner Mongolia	21	49%	0.52	10.29
2009	Linchang Phase I	Jilin	49.5	49%	0.61	24.26
2009	Mazongshan	Liaoning	49.5	24.50%	0.61	12.13
2009	Qujiagou	Liaoning	49.5	24.50%	0.61	12.13
2009	Zhaqi Phase I	Inner Mongolia	49.5	49%	0.54	24.26
2009	Heiyupao Phase I	Jilin	49.5	49%	0.61	24.26
2010	Wuchuan	Inner Mongolia	49.5	46%	0.51	22.77
2010	Huadeng Phase I	Inner Mongolia	49.5	32%	0.54	15.84
2010	Huadeng Phase II	Inner Mongolia	49.5	32%	0.54	15.84
2010	Zhalute Phase II	Inner Mongolia	49.5	32%	0.54	15.84
2010	Zhalute Phase III	Inner Mongolia	49.5	32%	0.54	15.84
2010	Guazhou	Gansu	201	51.50%	0.52	103.52
2011	Kailu	Inner Mongolia	49.5	32%	0.54	15.84
2011	Touzhijian	Inner Mongolia	49.5	51%	0.51	25.25
2011	Maniuhu	Liaoning	49.5	30%	0.61	14.85
2011	Gulibengao	Liaoning	49.5	30%	0.61	14.85
2012	Heiyupao Phase III	Jilin	49.5	32%	0.58	15.84
2012	Heiyupao Phase IV	Jilin	49.5	32%	0.58	15.84
2012	Tianchang	Anhui	48	49%	0.62	23.52
2013	Chaoyang Wanjia	Liaoning	48	30%	0.61	14.85
2013	Jianghua Yaozu	Hunan	48	59%	0.61	28.32
2013	Xiaoxian Guanshan	Anhui	48	49%	0.61	23.52
2013	Suzhou Fuli	Anhui	48	49%	0.61	23.52
2014	Jinmen Zilingpu	Hubei	48	59%	0.61	28.32
2014	Hebi Huolonggang	Henan	49.5	59%	0.61	29.21
2014	Yantai Gaotong	Shandong	48	49%	0.61	23.52
2015	Sihong	Jiangsu	50.4	30%	0.61	15.12
2015	Feixi	Anhui	34	100%	0.61	34
2015	Dongtian	Hunan	48	100%	0.61	48
2016	Lingshan	Anhui	48	49%	0.61	23.52
2016	Jiepai	Hunan	48	100%	0.61	48
2016	Jiagou	Anhui	48	100%	0.61	48
2016	Cangfang	Yunnan	48	100%	0.61	48
2016	Shijia	Guangxi	48	100%	0.61	48
2016	Chaodong	Guangxi	48	100%	0.61	48
2016	Bainijing	Yunnan	32	100%	0.61	32
2016	Nanzhaohuanghou	Henan	100	100%	0.61	100

Under-construction Wind Power Projects:

724MW – total capacity;

724MW – attributable capacity。

Project name	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Status	Attributable Capacity
Linkou	Hunan	48	100%	0.60	under construction	48
Wuhe	Anhui	48	100%	0.60	under construction	48
Jianghua	Hunan	48	100%	0.60	under construction	48
Lingbao	Henan	48	100%	0.60	under construction	48
Xinzao	Guangxi	48	100%	0.60	under construction	48
Yushan	Hubei	48	100%	0.60	under construction	48
Daoxian	Hunan	48	100%	0.60	under construction	48
Hongtang	Hunan	48	100%	0.60	under construction	48
Zaoyang	Hubei	48	100%	0.60	under construction	48
Nanzhaohuayuan	Henan	100	100%	0.60	under construction	100
Tianchang II	Anhui	48	100%	0.60	under construction	48
Lixi	Hubei	48	100%	0.60	under construction	48
Jingtang	Hunan	48	100%	0.60	under construction	48
Jinmen	Hubei	48	100%	0.60	under construction	48

- Group increased 396MW of new attributable capacity and reach 1,125MW of aggregate attributable capacity by end of 2016

Solar Power Projects in Operation and Under Construction

Operating Solar Power Plants:

494MW – total capacity;

476MW – attributable capacity.

Year	Project name	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Attributable Capacity (MW)
2011	Suqian	Jiangsu	8.88	49%	2.4	4.35
2011	Wuwei	Gansu	9	100%	1.15	9
2012	Hawaii	US	0.9	80%	USD 0.413	0.72
2013	Yongren	Yunnan	50	100%	1	50
2013	Wisconsin	US	1	100%	USD 0.20	1
2014	Naidong	Tibet	20	100%	1.15	20
2014	Yushen	Shanxi	200	100%	0.95	200
2014	Pingyuan	Shandong	40	100%	1.2	40
2015	Indiana	USA	10	100%	USD 0.2	10
2015	Huaping	Yunnan	50	100%	0.95	50
2015	Eryuan	Yunnan	30	100%	0.95	30
2015	Zhaer	Inner Mongolia	20	32.16%	0.95	6.43
2015	Yanyuan	Sichuan	30	100%	0.95	30
2015	Rhode Island	USA	20	100%	USD 0.179	20
2015	Ohio	USA	4.3	100%	USD 0.07	4.3
2016	Yuyang	Shanxi	100	100%	0.95	4.3

Under-construction Solar Power Projects:

110MW – total capacity;

110MW – attributable capacity.

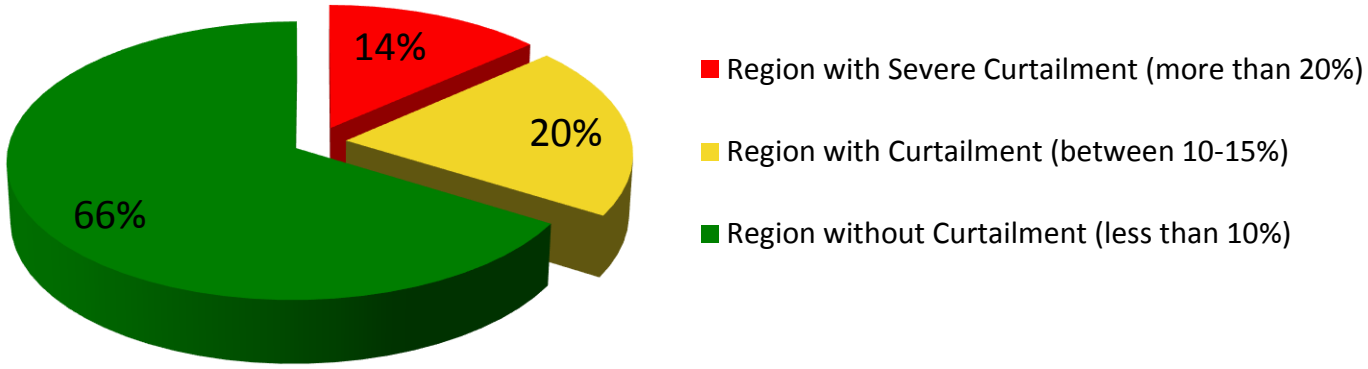
Project name	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Status	Attributable Capacity
Xizangcuomei	Xizang	20	100%	1.15	under construction	10
Jiangzi	Xizang	50	100%	1.15	under construction	50
Haixing	Hebei	20	100%	0.95	under construction	20
Hualong	Qinghai	20	100%	0.75	under construction	20

Project name	Province	Capacity (MW)	CNE's stake	Tariff (RMB/kWh)	Status
Yuyang	Shanxi	100	100%	0.95	Sold
Urban Energy Solar LLC	USA	1.09	100%	42,928USD/ Per Month	Sold

- As of 31th Dec 2016, the solar power attributable capacity is 458MW, account for 29.73% of CNE's total attributable power capacity.

Area Distribution of Operating Power Plants

Area distribution of operation power plants (attributable capacity)



Region with Severe Curtailment (192MW/14%)	Solar Power (9MW))	Gansu	9	Wind Power (183MW)	Gansu	103
					Jilin	80
Region with regular Curtailment (287MW/20%)	Solar Power (20MW)	Inner Mongolia	20	Wind Power (267MW)	Inner Mongolia	186
					Liaoning	81
Region with no Curtailment (940MW/66%)	Solar Power (266MW)	Jiangsu	9	Wind Power (674MW)	Anhui	176
		Yunnan	130		Hunan	124
		Xizang	20		Guangxi	96
		Shandong	40		Henan	130
		Sichuan	30		Shandong	24
		Oversea	37		Jiangsu	15
					Yunnan	80
					Hubei	28

Expert in Wind Power Development and Operation

Wind Power Industry Development History in China

2007&2008

- Wind power began to take off ;
- Shortage in turbine and equipment supplies;
- FiT entered into practice;
- Wind power continued to grow rapidly;
- Tight financing environment;

2009&2010

- Four-zone wind power has been assigned;
- Overcapacity in turbines, resulting in sharp downward trend in turbine prices;
- Chinese 4-trillion stimulus plan;
- NEA centralized the wind power plants approval;
- Global lead on annual installed wind power capacity.

2011

- Implementation of LVRT and other technical requirements for wind power plants;
- NEA announced 1st batch of wind power approved projects of 26.8GW in Aug;
- Encourage divest wind power to develop to the South/ inland .

2012

- Severe grid curtailment in the North;
- CDM prices collapsed;
- Wind power became the 3rd largest source of electricity in China;
- NEA announced 2nd batch of wind power approved projects of 25.5GW in May;
- Turbine prices stabilized.

2013

- Gradual improvement in grid curtailment;
- NEA announced 3rd batch of wind power approved projects of 28.7GW.

2014

- NEA announced 4th batch of wind power approved projects of 27.6GW.

2015

- Wind power projects with total capacity of 34GW issued by the NEA;
- NEA requested that regions with curtailment rate over 20% are not allowed to schedule new projects.

2016

- According to "13th Five-year" plan, in 2020,the electricity tariff of of wind power projects will compete at the same level with local coal-fired power generation.

CNE's Wind Power Development

- Listed – the first wind power company listed in HK,;
- Secured abundant exclusive wind reserves.;
- Partnered with strong SOEs to develop wind power plants and leverage on the financing capacities.

- Started our "B&T" strategy ;
- Completed 9 grid connected wind power plants;
- Received financing support from IFC.

- Diversify into the South;
- Received 400MW of approval from the 1st batch ;
- First wind power company to issued CNH bond in HK.

- Received 1,150MW of approval from the 2nd batch ;
- Start selling down equity stakes in northern wind power plants.

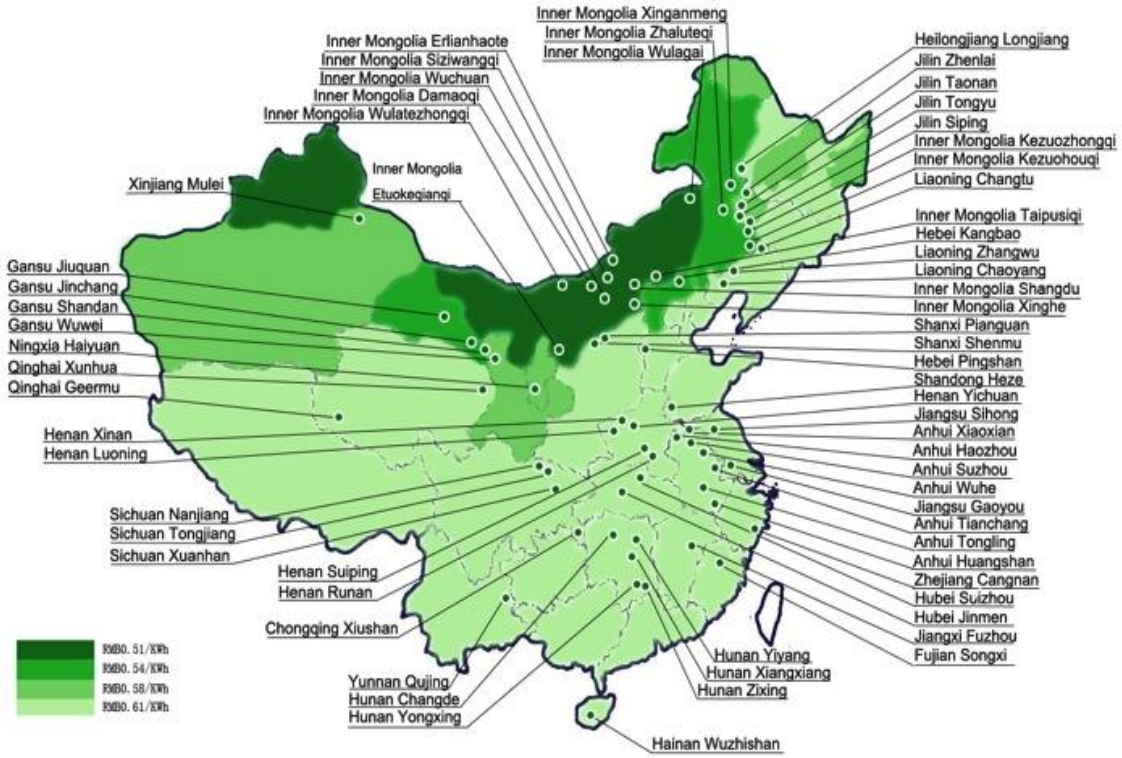
- Received 880MW of approval from 3rd batch ;
- More diversified and balanced portfolio;
- Prioritize southern wind power plants development.

- Received 300MW of approval from 4th batch ;
- Worked closely with SOE IPPs.

- 17 wind power projects(860MW) included in the 5th batch and all projects are located in regions with no subject to grid congestion.

- 11 of wind power projects with a total capacity of 728MW have been included in the construction programme list issued by NEA, all of which located in the regions with good access to the grid and no curtailment.

Over 28GW of Exclusive Wind Resources in Pipeline



Northern China 15.4 GW

Southern China 12.6 GW

Area Ⅰ: Inner Mongolia excepts Chifeng, Tongliao, Xinganmeng, Hulunbeier. Wulumuqi, Lli Hazak, Changji, Karamay, Shihezi;

Area Ⅱ: Zhangjiakou, Chifeng, , Tongliao, Xinganmeng, Hulunbeier. Zhangye, Jiayuguan, Jiuquan;

Area Ⅲ: Baicheng, Songyuan, Jixi, Shuangyashan, Qitaihe, Suihua, Yichun, Daxinganling. Gansu expect Zhangye, , Jiayuguan, Jiuquan. The Xinjiang Uygur Autonomous Region expect Lli Hazak, Changji, Karamay, Shihezi. The Ningxia Hui Autonomous Region;

Area Ⅳ: All area expects Area Ⅰ, Ⅱ, Ⅲ.

		2012	2013	2014	2015	2016
National installed capacity（GW）		61.42	76.52	95.81	129.34	148.64
Tariff (RMB/kWh)	**Area Ⅰ**	0.51	0.51	0.51	0.49	0.47
	Area Ⅱ	0.54	0.54	0.54	0.52	0.50
	Area Ⅲ	0.58	0.58	0.58	0.56	0.54
	Area Ⅳ	0.61	0.61	0.61	0.61	0.60
Cost （RMB/kW）	**Overall Cost(North)**	6,800	6,690	6,850	6,890	6,600
	Overall Cost(South)	7,300	7,350	7,445	7,420	7,330
	Direct Drive	4,000	4,022	4,025	4,450	4,280
	Double-Fed	3,640	3,846	4,250	4,250	4,080

Notes: The project cost and equipment price is based on our empirical estimates of the average price. And that is for reference only.

Early Mover in Solar Power Development

Solar Power Industry Development History in China

2010&2011

- NDRC introduced solar power FiT at RMB 1.15/kWh for solar power plants built before 31/12/2011 and RMB 1/kWh for solar power plants built afterwards.

2012

- Total installed solar capacity reached 7GW in China;
- NEA issue the "12th Five-year" solar power industry development plan to encourage the solar power gird connection;
- State Grid published "Guidance of Grid Connection for Distributed Solar Power" ensuring grid connection and purchase of distributed solar power;
- State Council proposed to subside distributed solar power and have the VAT;
- Sharp decline in module prices due to over capacity.

2013

- Total installed solar capacity reached 16.5GW;
- State Council increased solar power capacity target to over 35GW by 2015, growing at around 10GW per year;
- NEA announced 3-tier solar power subsidy will last for 20 years;
- VAT until the end of 2015.

2014

- The NEA provide additional subsidy on top of the feed-in tariff;
- NEA issued the "notice of further implementation of related policies on distributed Solar power generation".

2015

- NEA announced raising the national new solar capacity target to 17.8 GW in 2015, 70% higher than actual installed capacity in 2014;
- NDRC and NEA jointly issued the "Guidance on Improving Grid Operation and Promoting the Utilization of Clean Energy".

2016

- According to the "13th Five-year" plan, in 2020, the electricity tariff of solar projects can compare with the selling rates of grid electricity.

CNE's Solar Power Development

- Started solar power feasibility study and set strategy of solar development;
- Setup light measuring stations ;
- Successfully developed 48MW solar power plants;
- Signed 5GW of exclusive solar resources.

- Obtained 320MW solar power project approvals and 800MW initiation approvals;
- Gathered more than 5GW of exclusive solar; resources.

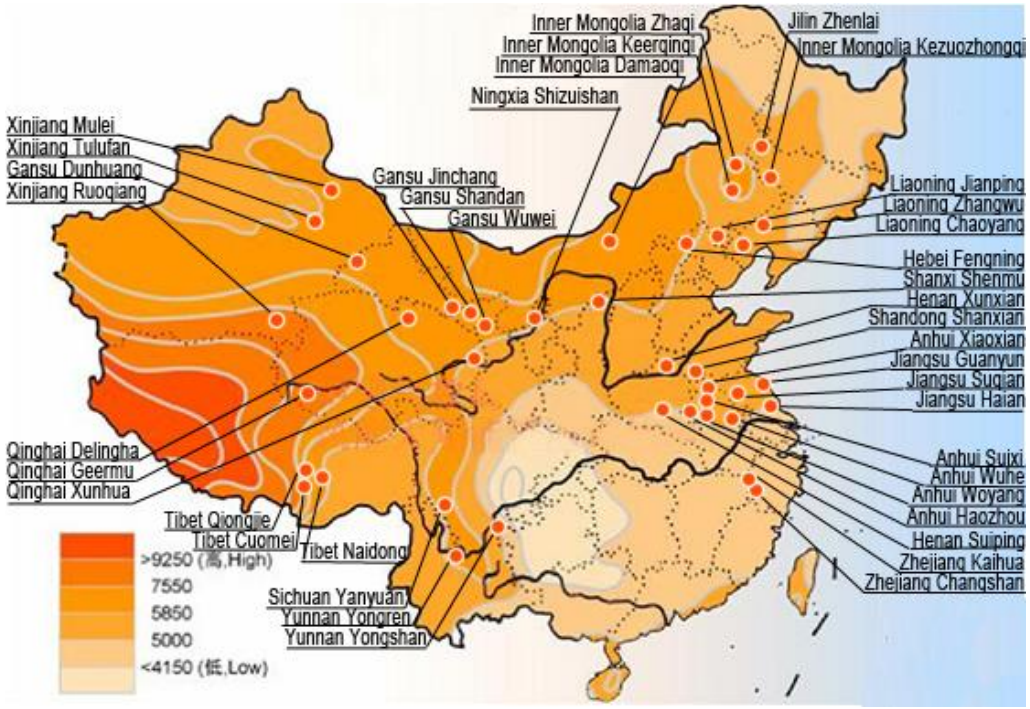
- Total 420MW of solar power project approvals and 520MW of initiation approvals for near term development;
- Gathered more than 6.5GW of exclusive solar resources;

- Added 260MW attributable capacity of solar power plants.

- 70MW projects were newly approved and 200MW of newly added reserves;
- 8GW of exclusive solar resource.

- The Group added 2 solely-funded solar power plants with capacity of 70MW;
- The Group sold 3 solar plants of 301MW, of which 101MW is confirmed by the financial report of 2016 and another 200MW is confirmed in 2017.

Over 8GW of Exclusive Solar Resources in Pipeline



Area Ⅰ: Haixi, Jiayuguan, Wuwei, Zhangye, Jiuquan, Dunhuang, Jinchang, Hami, Tacheng, Aletai, Karamay, Inner Mongolia except Chifeng, Tongliao, Xinganmeng, Hulunbeier;

Area Ⅱ: Beijing, Heilongjiang, Liaoning, Sichuang, Yunnan, Chengde, Zhangjiakou, Tangshan, Qinhuandao, Datong, Suzhou, Xinzhou, Yulin, Yanan, Qinghai, Gansu, All area of Sinkiang excepts area one;

Area Ⅲ: All area expects area Ⅰ, Ⅱ.

		2012	2013	2014	2015	2016
National installed capacity (GW)		3.41	15.89	24.86	41.58	77.42
Tariff (RMB/kWh)	**Area Ⅰ**	1.00	0.90	0.90	0.90	0.80
	Area Ⅱ	1.00	0.95	0.95	0.95	0.88
	Area Ⅲ	1.00	1.00	1.00	1.00	0.98
Cost(RMB/w)	**Overall Cost(North)**	7,600	7,650	7,002	6,760	5,891
	Overall Cost(South)	7,750	7,800	7,458	6,920	6,017
	Inverter	0.6	0.41	0.319	0.26	0.24
	Module	4.16	4.3	4.25	4.14	3.92

Notes: The project cost and equipment price is based on our empirical estimates of the average price. And that is for reference only.

Integrated Business Model

Resources + **Core Competence** + **Business Model**

Wind Power
Resource: 28,000MW

Solar Power
Resource： 8,000MW

Professional management team ;

Excellent capability of project development;

Integrated service mode;

Investment

Stable Long-term Power Generation Business

Services

BT
EPC
O&M
Design

New Business

Electricity Sales Company

Power Distribution Network

POWER

Intelligence O&M

Benefits of having integrated services:

- Ensure the time, quality of construction and cost of power generation;
- Higher output due to experienced O&M team;
- Improved cash flow from power plants services and BT business model.

Integrated business model allows better control and higher return on capital

Established Relationships and Platforms

Long established relationships and closely partners & stable platforms enable CNE with effective and continuous power plant development

Partners

华电福新能源股份有限公司 HUADIAN FUXIN ENERGY CORPORATION LIMITED
中国国电集团公司 CHINA GUODIAN CORPORATION
深圳能源 SHENZHEN ENERGY
CHINA POWER INVESTMENT CORPORATION
CLP 中電
辽宁能源投资(集团)有限责任公司 LIAONING ENERGY INVESTMENT (GROUP) CO.,LTD
上海电气 SHANGHAI ELECTRIC
中国华能 CHINA HUANENG
上海申華控股股份有限公司 Shanghai Shenhua Holdings Co.,Ltd.
SEGC 陕西能源集团 SHAANXI ENERGY GROUP
北控水务 BEIKONG WATER

CNE

Branches

- 24 branch or representative offices across China working closely with local government and grid companies

Liaoning Branch	Hebei Branch	Yunnan Branch
Jilin Branch	Qinghai Branch	Guangdong Branch
Inner Mongolia Branch	Hunan Branch	Xinjiang Branch
Gansu Branch	Shanxi Branch	Guizhou Branch
Jiangsu Branch	Shandong Branch	Guangxi Branch
Henan Branch	Shanxi Branch	Hainan Office
Anhui Branch	Hubei Branch	Jiangxi Office
Sichuan Branch	Xizang Branch	Zhejiang Office

Suppliers

LDK
EOPLLY
YINGLI SOLAR
guanya 冠亚电源
JinKO 晶科能源
XEMC 湘电集团
DEC
上海电气 SHANGHAI ELECTRIC
GOLDWIND
MINGYANG ELECTRIC 明阳电气

SOLAR & WIND Power Plants

Banks

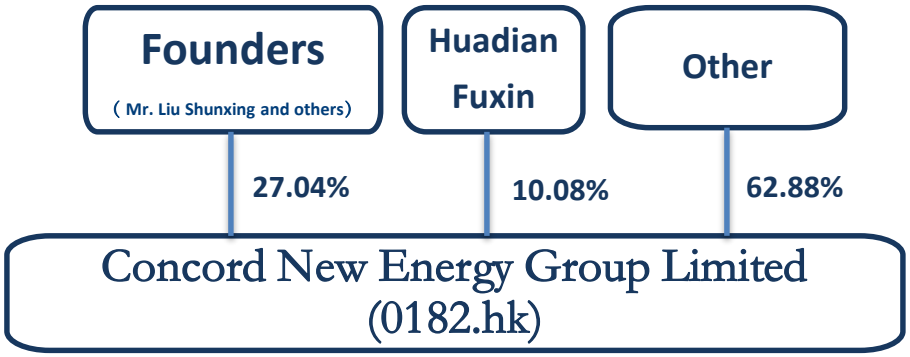
中国工商银行 INDUSTRIAL AND COMMERCIAL BANK OF CHINA
中国银行 BANK OF CHINA
INTESA SANPAOLO
中国建设银行 China Construction Bank
中国农业银行 AGRICULTURAL BANK OF CHINA
国家开发银行
恒生银行 HANG SENG BANK
招商银行
Standard Chartered
HSBC
Bank 中国光大银行
IFC International Finance Corporation
ADB

Grid

中国南方电网

Shareholding Structure & Management Team

Shareholding Structure:



Executive Directors & Management:

Mr. Liu Shunxing, Chairman – An Executive of China Energy Council, the Vice President of China Energy Research Institute and a Deputy Director of Energy Conservation and Enterprise Energy Management Committee. He once worked in NDRC and China Energy Conservation Investment Corporation.

Mr. Yang Zhifeng, Co-Vice Chairperson – Former General Manager of Asset Management and Operation Dept in China Energy Conservation Investment Corporation, possesses >10 years of experiences in renewable industry.

Ms. Liu Jianhong, Co-Vice Chairperson – Former Chief Legal Officer of China Energy Conservation Investment Corporation, possessing 10 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. Possesses strong power industry knowledge and many years of experience in renewable energy project development.

Mr. Niu Wenhui, CFO – has more than 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.

Management Team

Non-Executive Director:

Mr. Wu Shaohua—Mr. Wu is a non-executive director of the Company and also the Project Management Director of Huadian Fuxin Energy Limited Company.

Independent 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. Mr. Yap has extensive experience in finance and accounting. He is also an independent non-executive director of DVN (Holdings) Limited.

Dr. Wong Yau Kar, David – Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong and Deputy Chairman of the Hong Kong Institute of Directors.

Dr. Shang Li – was a Associate Professor of the Department of Electrical, Computer and Energy Engineering in University of Colorado at Boulder and the Chair Professor in Tongji University.

Ms. Huang Jian – was the full time member of SME Board Pubic Offering Review Committee of the China Securities Regulatory Commission.

Other Management Team

Mr. Jiang Yingjiu, the Vice President of the Company – Jiang had worked for Beijing Municipal Commission of Housing and Urban-Rural Development and China Energy Conservation Investment Corporation

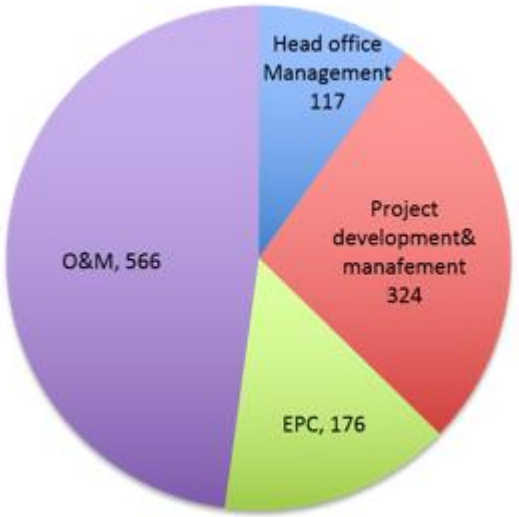
Mr. Shang Xuelian, the Vice President of the Company – Shang had served as Vice Chief Engineer and General Manager of thermal power plant of Shandong Lubei Enterprise Group Limited.

Mr. Ma Suoming, the Vice President of the Company – Ma had worked as deputy director of dispatch center of National Grid.

Mr. Wang Xigang, the Vice President of the Company – Wang had worked for AVIC.

Human Resource Distribution:

As at 31Dec of 2016, total number of staff is 1,183



Appendix

Summary of Financial Statements

P&L(’000)	2016	2015
Revenue	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	49,189	31,159
Other gains and losses, net	130,839	8,566
Expense		
Distribution and selling expenses	(6,992)	(6,823)
Administrative expenses	(167,728)	(157,930)
Finance costs	(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	(13,018)	(34,293)
Profit for the year	461,616	406,940
Profit attributable to:		
Owners of the Company	457,815	408,090
Non-controlling interests	3,801	(1,150)
Diluted earnings per share	5.32	4.60

Asset (’000)	**2016**	**2015**
Current assets	4,941,079	4,881,160
Non-current assets	7,661,530	7,199,900
Total assets	14,339,349	12,081,060
Current liabilities	(4,798,595)	(4,394,960)
Non-current liabilities	(3,325,466)	(2,864,195)
Total liabilities	(9,113,599)	(7,259,155)
Net current assets	889,686	486,200
Net Asset	5,225,750	4,821,905
Share Capital	75,645	77,449
Reserves	4,994,632	4,643,661

Cash Flow (‘000)	**2016**	**2015**
Net cash from operating activities	440,240	743,044
Net cash used in investing activities	(1,186,289)	(1,567,088)
Net cash from financing activities	1,079,785	1,542,651
Net increase/(decrease) in cash and cash equivalents	333,736	718,606
cash and bank balances	1,891,277	1,596,081
cash and bank balances attributable to a disposal company classified as held for sale	43,003	-
Cash and cash equivalents	1,934,280	1,596,081

Five Year Financial Summary

Results ('000)	2016	2015	2014	2013	2012
Revenue and other income	1,834,355	3,509,721	2,832,669	1,539,158	915,041
Other gains, net	130,839	8,566	145,328	88,429	153,881
Finance costs	(141,677)	(92,955)	(83,769)	(82,579)	(69,960)
Share of results					
-associates	19,366	14,107	6,058	712	5,922
-joint ventures	73,445	54,967	33,328	(11,004)	(4,982)
Expenses, net	(1,441,694)	(3,053,173)	(2,632,954)	(1,405,909)	(915,304)
Income tax expense	(13,018)	(34,293)	(58,464)	(33,485)	(58,711)
Non-controlling interests	3,801	(1,150)	731	8	428
Profit attributable to owners of company	457,815	408,090	241,463	95,313	25,458

Asset, Liabilities and Equity('000)	2016	2015	2014	2013	2012
Total Asset	14,339,349	12,081,060	8,511,979	7,745,308	6,087,883
Total liabilities	(9,113,599)	(7,259,155)	(3,971,542)	(3,818,965)	(2,475,548)
Net assets	5,225,750	4,821,905	4,540,437	3,926,343	3,612,335
Equity attributable to owners of the company	5,070,277	4,721,109	4,460,488	3,908,704	3,611,531
Non-controlling interests	155,473	100,796	79,949	17,639	804
Total equity	5,225,750	4,821,906	4,540,437	3,926,343	3,612,335

Wind Power Plant Economics (sample)

Wind Power Plant Economics Assumptions:

1. Capacity of wind farm = 48MW
2. Capacity factor = 2,200hours
3. Tariffs = RMB0.55/kWh (include VAT)
4. Total Investment = RMB 36.0mil (RMB7.5/watt)
5. CAPEX = RMB 306.0mil
6. VAT for CAPEX = RMB 46.46mil
7. Capital = RMB 72.0mil (20%)
9. Bank Loan = RMB 288.0mil (80%)
10. Interest rate = 4.9%
11. Construction period = 12 months
12. VAT for CAPEX offset by VAT for power sales

Project Income Statement:

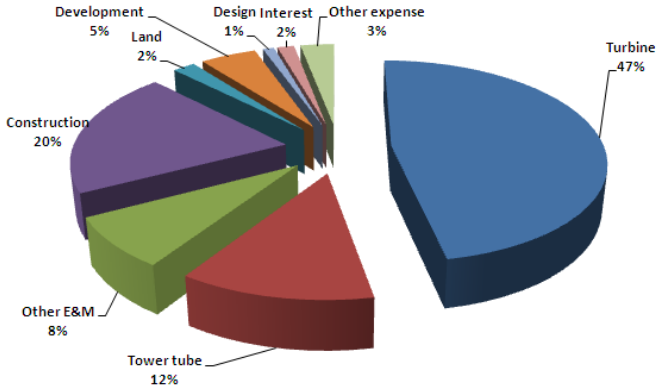
(in RMB mil)			Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year 10
Net Electricity tariffs (exclude 17%VAT)				49.64	49.64	49.64	49.64	49.64	49.64	49.64	49.64	49.64	49.64
VAT Refund (17%)				-	-	-	-	-	3.09	4.22	4.22	4.22	4.22
Total revenue				49.64	49.64	49.64	49.64	49.64	52.73	53.86	53.86	53.86	53.86
Depreciation	(a)	24 years		13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30
O & M costs		0.03/kWh		3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17
Repair costs		3% of elec tariff rev											
3% of elec tariff rev				1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49
Operating expense				1.54	1.59	1.63	1.68	1.73	1.79	1.84	1.89	1.95	2.01
Total				19.50	19.55	19.60	19.64	19.69	19.75	19.80	19.86	19.91	19.97
Operating profit				30.14	30.09	30.05	30.00	29.95	32.89	34.06	34.00	33.95	33.89
Loan balance at end of the year			288	264	240	216	192	168	144	120	96	72	48
Interest expense		12yrs 4.9%		13.52	12.35	11.17	10.00	8.82	7.64	6.47	5.29	4.12	2.94
Profit before tax				17.72	18.75	19.79	20.82	21.85	25.96	28.12	29.14	30.17	31.19
Tax		25%		-	-	-	2.60	2.73	3.25	7.03	7.29	7.54	7.80
Profit after tax	(b)			17.72	18.75	19.79	18.21	19.12	22.72	21.09	21.86	22.63	23.39
Capital			72										
VAT offset	(c)	46.46		8.44	8.44	8.44	8.44	8.44	2.27	-	-	-	-
Loan repayment	(d)	12years		-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00
Cash Flow	(a)+(b)+(c)+(d)		-74.9	14.36	15.49	16.62	15.24	16.23	13.74	10.00	10.84	11.68	12.52
20-year equity IRR			**21.58%**										
20-year project IRR			**10.95%**										
ROE				23.08%	24.65%	26.21%	24.31%	25.67%	30.79%	28.74%	29.91%	31.08%	32.24%

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 Profit	Impact on IRR	IRR change (from base case of 21.58%)	Current level
Grid tariffs decreased by 1 cent	- RMB 1.03mil	-1.1%	20.48%	RMB0.49-0.61/kWh (include VAT)
Capacity factor decreased by 100 hours	- RMB 2.43mil	-2.55%	19.03%	1,700-2,500 hours
PBOC rate increased by 0.50%	- RMB 1.38mil	-1.05%	20.53%	4.5-5.9
Project cost increased to RMB 8,000/kw	- RMB 2.50mil	-3.35%	18.23%	RMB 7-8/watt

Project Costs Distribution:



Area	Tariffs	Grid Curtailment Situation	Capacity Factor	Interest Rate	equity IRR	IRR
Ⅰ	0.47	N	2700	4.90%	23.78%	11.53%
		Y	1900		8.18%	6.55%
Ⅱ	0.5	N	2500	4.90%	23.13%	11.36%
		Y	1900		10.38%	7.40%
Ⅲ	0.54	N	2300	4.90%	23.05%	11.34%
		Y	2000		15.71%	9.22%
Ⅳ	0.6	N	2200	4.90%	27.37%	12.45%

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.

Solar Power Plant Economics (sample)

Solar Power Plant Economics Assumptions:

1. Capacity of solar farm = 30MW	5. Module = RMB 3.0/watt, BOS = RMB 3.0/watt	9. Capital = RMB 36.0mil (20%)
2. Capacity factor = 1,400hours	6. Total Investment = RMB 180.00mil	10. Bank Loan = RMB 144.0mil (80%)
3. Tariffs = RMB0.75/kWh (include VAT)	7. CAPEX = RMB 162mil	11. Interest rate = 4.9%
4. Solar Module annual degradation=1% (20years)	8. VAT for CAPEX = RMB 23.54mil	12. Construction period = 6 months

Project Income Statement:

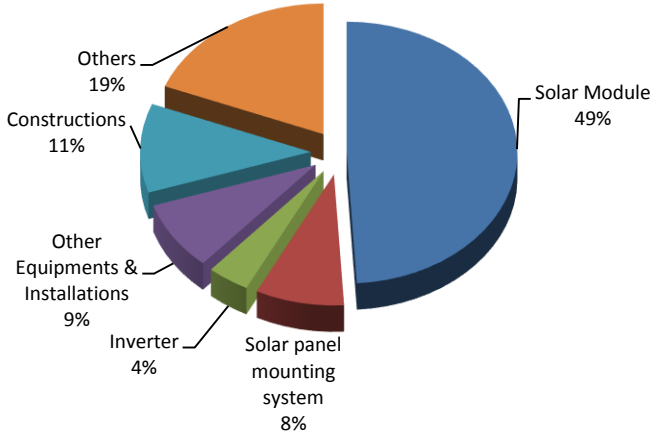
(in RMB mil)				Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Net Electricity tariffs (exclude 17%VAT)					29.03	28.74	26.38	26.12	25.85	25.58	25.31	25.04	24.77	24.50
Total revenue					29.03	28.74	26.38	26.12	25.85	25.58	25.31	25.04	24.77	24.50
Depreciation	(a)	20 years			8.10	8.10	8.10	8.10	8.10	8.10	8.10	8.10	8.10	8.10
O & M costs		RMB 0.02/kWh			0.84	0.83	0.82	0.81	0.81	0.80	0.79	0.78	0.77	0.76
Repair costs	3% growth rate/yr	0.3			-	-	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37
Operating expense	3% growth rate/yr	1.5			1.50	1.55	1.59	1.64	1.69	1.74	1.79	1.84	1.90	1.96
Insurance	0.1% total investment				0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Land costs	RMB 5mil/ yr	5			5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total					15.62	15.66	15.99	16.04	16.09	16.14	16.20	16.25	16.31	16.37
Operating profit					13.41	13.09	10.39	10.07	9.75	9.43	9.11	8.78	8.46	8.13
Loan balance at end of the year				144	133.71	123.43	113.14	102.86	92.57	82.29	72.00	61.71	51.43	41.14
Interest expense	15 years	4.9%		5.04	6.25	5.79	5.32	4.86	4.40	3.93	3.47	3.01	2.55	2.08
Profit before tax					7.16	7.30	5.07	5.21	5.36	5.50	5.64	5.78	5.91	6.05
Tax	25%				0.00	0.00	0.00	0.65	0.67	0.69	1.41	1.44	1.48	1.51
Profit after tax	(b)				7.16	7.30	5.07	4.56	4.69	4.81	4.23	4.33	4.43	4.53
Capital				36.00										
VAT offset	(c)	23.54			2.47	2.44	4.49	4.44	4.39	4.35	0.96	-	-	-
Loan repayment	(d)	15 years			-10.29	-10.29	-10.29	-10.29	-10.29	-10.29	-10.29	-10.29	-10.29	-10.29
Cash Flow	(a)+(b)+(c)+(d)			-36.00	6.89	7.04	6.89	6.44	6.55	6.67	2.77	1.95	2.08	2.21
20-year equity IRR			15.44%											
20-year project IRR			7.85%											
ROE					18.36%	18.85%	12.76%	11.62%	12.07%	12.51%	11.10%	11.48%	11.85%	12.21%

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

Sensitivity/ Scenario Analysis:

Scenario (assuming other factors held constant)	Impact on the first year Profit	Impact on IRR	IRR change (from base case of 15.44%)	Current level
Grid tariff increased by RMB0.85/kWh (include VAT)	+RMB 4.20mil	+10.55%	25.99%	RMB0.75-1.1/kWh (include VAT)
Capacity factor decreased by 100 hours	- RMB 2.19mil	-4.89%	10.55%	1,300-2,000 hours
PBOC rate increased by 0.50%	- RMB 0.69mil	-1.21%	14.23%	4.9-5.9
Project cost increased by RMB 7.0/watt	+RMB 2.88mil	-6.91%	8.53%	RMB 6-8/watt
No additional land costs	+RMB 5.00mil	+14.08%	29.52%	RMB6-8 mil/year/50MW

Project Costs Distribution:



Area	Tariffs	Grid Curtailment Situation	Capacity Factor	Interest Rate	equity IRR	IRR
Ⅰ	0.65	N	1600	4.90%	14.43%	7.58%
		Y	1300	4.90%	2.86%	3.98%
Ⅱ	0.75	N	1400	4.90%	15.44%	7.85%
		Y	1300	4.90%	10.55%	6.50%
Ⅲ	0.85	N	1200	4.90%	13.67%	7.38%

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

Thank you for your interest in CNE

www.cnegroup.com

Please feel free to contact us for any inquiries:

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