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Concord New Energy Group Limited

協合新能源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 182)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the “Directors”) of Concord New Energy Group Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30 June 2015 – Unaudited*

		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	2,174,462	1,194,334
Other income	3	20,044	16,297
Other gains, net	4	7,888	13,426
Exchange gains, net		(380)	3,790
Expenses			
Cost of construction and inventories sold		(1,717,709)	(890,966)
Employee benefit expense		(62,823)	(58,370)
Depreciation and amortisation		(68,066)	(48,681)
Operating lease payments		(12,155)	(1,948)
Other expenses		(69,803)	(56,092)
Finance costs	5	(59,794)	(60,330)
Share of results			
– associates		7,329	1,276
– joint ventures		58,055	33,454
Profit before income tax		277,048	146,190
Income tax expense	6	(24,125)	(23,584)
Profit for the period		252,923	122,606
Profit attributable to:			
Owners of the Company		253,021	122,596
Non-controlling interests		(98)	10
		252,923	122,606
Earnings per share attributable to owners of the Company during the period	7		
Earnings per share:			
– Basic (HK cents)		2.83	1.43
– Diluted (HK cents)		2.83	1.43

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2015 – Unaudited

	2015	2014
	HK\$'000	HK\$'000
Profit for the period	252,923	122,606
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Currency translation differences	1,114	(61,955)
Total comprehensive income for the period , net of tax	254,037	60,651
Total comprehensive income/(loss) attributable to:		
Owners of the Company	254,101	60,810
Non-controlling interests	(64)	(159)
	254,037	60,651

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2015 – Unaudited

		30 June 2015	31 December 2014
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		4,065,777	2,817,908
Leasehold land and land use rights		286,290	149,214
Intangible assets		1,355,798	1,355,554
Interests in associates		570,896	370,741
Interests in and advances to joint ventures		1,671,384	1,623,384
Available-for-sale financial assets		1,966	697
Prepayments, deposits and other receivables		119,695	253,391
Deferred tax assets		12,327	7,418
		8,084,133	6,578,307
Current assets			
Inventories		144,838	350,374
Trade and bill receivables	9	1,376,539	550,183
Prepayments, deposits and other receivables		1,125,259	928,732
Amounts due from associates		144,592	85,992
Amounts due from joint ventures		1,160,308	1,167,519
Cash and cash equivalents		1,685,301	1,105,341
Trading financial assets		33,746	—
		5,670,583	4,188,141
Non-current assets held for sale		—	23,643
		5,670,583	4,211,784
Total assets		13,754,716	10,790,091
Liabilities			
Non-current liabilities			
Borrowings		2,936,947	1,358,756
Deferred tax liabilities		6,212	6,023
Deferred government grants		15,760	21,435
Loans from a joint venture		155,884	155,833
		3,114,803	1,542,047

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
As at 30 June 2015 – Unaudited

		30 June 2015	31 December 2014
		(Unaudited)	(Audited)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and bill payables	10	2,691,717	2,355,188
Other payables and accruals		1,409,775	529,918
Amounts due to associates		3,049	29,039
Amounts due to joint ventures		194,457	187,276
Borrowings		360,595	357,486
Current income tax liabilities		17,190	33,516
		4,676,783	3,492,423
Total liabilities		7,791,586	5,034,470
Net current assets		993,800	719,361
Total assets less current liabilities		9,077,933	7,297,668
Net assets		5,963,130	5,755,621
Equity			
Equity attributable to owners of the Company			
Share capital	11	89,462	89,462
Reserves		5,772,386	5,564,813
		5,861,848	5,654,275
Non-controlling interests		101,282	101,346
Total equity		5,963,130	5,755,621

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 – Unaudited

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Premium arising on acquisition of non-controlling interests	Exchange reserve	Other reserves	Retained earnings	Total	Non-controlling Interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2015	89,462	655,435	2,675,788	(35,481)	422,772	113,814	1,732,485	5,654,275	101,346	5,755,621
Comprehensive income										
Profit/(loss) for the period	—	—	—	—	—	—	253,021	253,021	(98)	252,923
Other comprehensive income										
Currency translation differences	—	—	—	—	1,080	—	—	1,080	34	1,114
Total other comprehensive income, net of tax	—	—	—	—	1,080	—	—	1,080	34	1,114
Total comprehensive income/ (loss) for the six months ended 30 June 2015	—	—	—	—	1,080	—	253,021	254,101	(64)	254,037
Total contributions by and distributions to owners of the Company recognised directly in equity										
Shares held for restricted share award schemes	—	—	—	—	—	(46,548)	—	(46,548)	—	(46,548)
Share-based compensation	—	—	—	—	—	20	—	20	—	20
Total contributions by and distributions to owners of the Company	—	—	—	—	—	(46,528)	—	(46,528)	—	(46,528)
Total transactions with owners	—	—	—	—	—	(46,528)	—	(46,528)	—	(46,528)
Balance at 30 June 2015	89,462	655,435	2,675,788	(35,481)	423,852	67,286	1,985,506	5,861,848	101,282	5,963,130

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2015 – Unaudited*

	2015	2014
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	196,258	202,206
Income tax paid	(45,148)	(23,095)
Net cash generated from operating activities	151,110	179,111
Cash flows from investing activities		
Net cash used in investing activities	(1,017,582)	(145,728)
Cash flows from financing activities		
Net cash generated from financing activities	1,440,373	(454,886)
Net increase/(decrease) in cash and cash equivalents	573,901	(421,503)
Cash and cash equivalents at beginning of the period	1,105,341	1,850,209
Exchange gain/(loss) on cash and cash equivalents	6,059	(25,585)
Cash and cash equivalents at end of the period	1,685,301	1,403,121
Analysis of balances of cash and cash equivalents		
Cash and bank balances	1,685,301	1,403,121

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. **Basis of preparation**

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2014, except for adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2015. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and the functional currency of the Company is Renminbi (“RMB”). The Company uses Hong Kong dollars as its presentation currency because the Company was incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

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 consider the business from a product and service perspectives. The Group has reported on three operating segments as follows:

- Engineering, procurement, construction and manufacture of equipment — 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 sale and leaseback arrangement , and manufacturing of tower tube and gear box equipment for power business;
- Power plant operation and maintenance — providing operation and maintenance services to power plants; and
- Investment in power plants — investing in power plants.

The executive directors 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.

Segment assets comprise goodwill, interests in associates, interests in and advances to joint ventures, property, plant and equipment, leasehold land and land use rights, other intangible asset, available-for-sale financial assets, inventories, receivables and cash and cash equivalents which are related to the segments.

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 then prevailing market prices.

2. Segment information (Continued)

(a) Business segments (Continued)

For the six months ended 30 June 2015

	Engineering, procurement, construction and equipment manufacturing	Power plant operation and maintenance	Investment in Power plans	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue				
Inter-segment sales	358,359	—	(358,359)	—
Sales to external customers	1,865,403	58,482	250,577	2,174,462
Segment results	82,429	16,637	198,064	297,130
Finance income	3,278	10	355	3,643
Other gains, net	—	—	199	199
Unallocated income				25,209
Unallocated expenses				(5,160)
Finance costs	(5,313)	—	(38,660)	(43,973)
Profit before income tax				277,048
Income tax expense	(20,451)	(8,226)	4,552	(24,125)
Profit for the period				252,923
Segment assets	3,574,865	370,667	9,740,103	13,685,635
Unallocated assets				69,081
Total assets				13,754,716
Segment liabilities	(3,880,465)	(17,576)	(3,885,167)	(7,783,208)
Unallocated liabilities				(8,378)
Total liabilities				(7,791,586)

2. Segment information (Continued)

(a) Business segments (Continued)

For the six months ended 30 June 2014

	Engineering, procurement, construction and equipment manufacturing	Power plant Operation and maintenance	Investment in power plants	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue				
Inter-segment sales	40,880	(12,111)	(28,769)	—
Sales to external customers	1,020,648	64,809	108,877	1,194,334
Segment results	74,181	26,724	94,816	195,721
Finance income	1,116	39	787	1,942
Other gains, net	—	—	6,088	6,088
Unallocated income				21,693
Unallocated expenses				(38,775)
Finance costs	(2,439)	(16)	(38,024)	(40,479)
Profit before income tax				146,190
Income tax expense	(19,968)	(3,635)	19	(23,584)
Profit for the period				122,606
Segment assets	2,818,969	370,690	7,524,537	10,714,196
Unallocated assets				75,895
Total assets				10,790,091
Segment liabilities	(3,068,053)	(17,509)	(1,889,278)	(4,974,840)
Unallocated liabilities				(59,630)
Total liabilities				(5,034,470)

2. Segment information (Continued)

(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. Engineering, procurement, construction and equipment manufacturing is operated in the People's Republic of China ("PRC"). The Group's power plant operation and maintenance activities are operated in the PRC, while investment in power plants is operated in the PRC and the United States of America ("US"). There are no sales between geographical segments.

Total assets and capital expenditures 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, total assets and capital expenditures by locations are analysed as follows:

	2015			2014		
	Revenue HK\$'000	Total assets HK\$'000	Capital expenditures HK\$'000	Revenue HK\$'000	Total assets HK\$'000	Capital expenditures HK\$'000
The PRC	2,163,124	11,957,308	1,307,556	1,190,052	9,024,518	219,602
Others	11,338	1,797,408	7,948	4,282	1,765,573	28,488
	2,174,462	13,754,716	1,315,504	1,194,334	10,790,091	248,090

3. Revenue and other income

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

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Revenue	2,174,462	1,194,334
Other income		
Interest income	15,300	6,528
Others	4,744	9,769
	20,044	16,297

4. Other gains, net

An analysis of other gains, net is as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Gain on disposal of subsidiaries (Note 12)	447	6,088
Loss on disposal of an associate (Note 12)	(248)	—
Others	7,689	7,338
	<u>7,888</u>	<u>13,426</u>

5. Finance costs

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest on bank borrowings, wholly repayable within five years	5,313	2,454
Interest on bank borrowings, not wholly repayable within five years	69,540	38,025
Interest on sale and leaseback, wholly repayable within five years	3,171	—
Interest on guaranteed bond, wholly repayable within five years	—	19,851
	<u>78,024</u>	<u>60,330</u>
Less: Interest capitalised	<u>(18,230)</u>	<u>—</u>
	<u>59,794</u>	<u>60,330</u>

6. Income tax expense

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax		
— PRC corporate income tax	20,312	25,756
— Withholding tax	8,395	(2,069)
— Under/(over)- provision in prior years	125	(26)
Deferred tax	<u>(4,707)</u>	<u>(77)</u>
	<u>24,125</u>	<u>23,584</u>

PRC corporate income tax is provided for at the rate of 25% (2014: 25%) for the period of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax treatments including three years exemption followed by three years of a 50% tax reduction.

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company HK\$253,021,000 (2014: HK\$122,596,000) by the weighted average number of 8,944,531,000 (2014: 8,567,814,000) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the period ended 30 June 2015, the Company has one dilutive potential ordinary share: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of ordinary shares calculated is compared to the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit attributable to owners of the Company (HK\$'000)	253,021	122,596
Weighted average number of ordinary shares in issue (thousands)	8,944.531	8,567,814
Adjustments for :		
– effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	—	2,411
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	8,944.531	8,570,225

8. Interim dividend

The directors recommend to declare an interim dividend of 1.0 HK cent (2014: Nil) per ordinary share in respect of the period ended 30 June 2015. Based on the number of issued ordinary shares as of the date of approving these condensed consolidated financial statements, the proposed interim dividend amounting to HK\$89,462,000. These condensed consolidated financial statements have not reflected this dividend payable as at 30 June 2015.

9. Trade and bill receivables

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
Trade receivables	1,376,159	534,166
Bill receivables	380	16,017
	1,376,539	550,183

At the balance sheet date, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
Within 3 months	823,761	365,889
3 to 6 months	361,494	78,696
6 to 12 months	115,727	35,527
Over 1 year	33,351	17,450
Over 2 years	41,826	36,604
	1,376,159	534,166

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 30 June 2015, trade receivables of HK\$151,356,000 (2014: HK\$190,279,000) were past due but not impaired. These relate to a number of independent customers for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

10. Trade and bill payables

	30 June 2015	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	2,171,714	1,945,432
Bill payables	520,003	409,756
	2,691,717	2,355,188

At the balance sheet date, the ageing analysis of the trade payables, based on invoice date, was as follows:

	30 June 2015	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	1,007,981	1,031,298
3 to 6 months	191,550	553,327
6 to 12 months	357,976	22,508
Over 1 year	349,880	315,271
Over 2 years	264,327	23,028
	2,171,714	1,945,432

The carrying amounts of trade and bill payables approximate their fair values and majority of trade and bill payables are denominated in RMB.

11. Share capital

A summary of the transactions during the period with reference to the movements of the Company's ordinary share capital is as follows:

	No. of shares	Nominal value
	<i>000's</i>	<i>HK\$'000</i>
Authorised:		
As at 31 December 2014 and 30 June 2015: 10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	100,000
Issued and fully paid:		
As at 31 December 2014: 8,946,234,965 ordinary shares of HK\$0.01 each	8,946,235	89,462
As at 30 June 2015: 8,946,234,965 ordinary shares of HK\$0.01 each	8,946,235	89,462

12. Disposal of equity interests in subsidiaries and an associate

On 14 January 2015, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group disposed of its entire equity interests in Changchun Xinyuan investment Co., Ltd. ("Xinyuan"), a wholly-owned subsidiary of the Group, for a consideration of RMB7,000,000 (equivalent to approximately HK\$8,855,000). Upon the completion of the transaction, Xinyuan ceased to be a subsidiary of the Group. The Group recorded an unaudited gain of approximately HK\$447,000 as a result of the disposal.

On 15 May 2015, the Group entered into a sale and purchase agreement with Tianjin Hekai Technology Co., Ltd., an independent third party, pursuant to which the Group disposed of its entire 25% equity interests in Dongtou Energy Investment Co., Ltd. ("Dongtou"), for a consideration of RMB25,000,000 (equivalent to approximately HK\$31,625,000). Upon the completion of the transaction, Dongtou ceased to be an associate of the Group. An unaudited loss of approximately HK\$248,000 was recognized in the consolidated income statement.

13. Commitment

Operating lease commitments

As lessee

The Group leases certain of its office and equipment under operating lease arrangements.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
No later than 1 year	1,397	3,358
Later than 1 year and no later than 5 years	—	1,118
	1,397	4,476

Capital commitments

(a) At the balance sheet date, capital expenditure contracted for but not yet provided is as follow:

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
Property, plant and equipment		
No later than 1 year	1,426,186	1,974,752

(b) The Group has entered into a number of arrangements to develop power projects in the PRC. As at 30 June 2015, total equity contributions contracted but not provided for were HK\$1,142,084,000 (2014: HK\$803,680,000).

Other commitments

As at 30 June 2015, the Group, via its wholly-owned subsidiaries, has committed to pledge its share of the equity interests in Fuxin Century Concord-Shenhua Wind Power Co., Ltd., Fuxin Union Wind Power Co., Ltd., Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. and Wuchuan County Yihe Wind Power Co., Ltd. as security for bank borrowings by the Group's joint ventures.

14. Related party transactions

- (a) Save as disclosed elsewhere in these consolidated financial statements, the following transactions were carried out by the Group with related parties:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Sales of goods and services to joint ventures and associates (<i>Note</i>)	249,714	524,820
Loan interest income	2,469	4,585

Note:

The sales of goods and services were mutually agreed by both parties.

(b) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. It comprises five (2014: eight) of the Executive Directors and four (2014: five) members of Senior Management Group. The total remuneration of the key management personnel is shown below:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	5,512	6,199
Share-based compensation	7	1,012

15. Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Directors of the Company on 10 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Environment

In the first half of 2015, although China experienced a slower pace of economic growth, a relatively high level of growth was maintained and key economic indicators remained within a reasonable range and showed signs of recovery. The economic structure has been further optimized and the quality of growth has been enhanced. As one of the major drivers of economic development, the renewable energy industry has enjoyed a high level of attention and support.

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

1. Target Capacity of Wind Power and Solar Power Further Enhanced

National Energy Administration (NEA) issued the “Notice on the 2015 Programme for the Construction of Photovoltaic Power Generation” in March 2015 raising the national new photovoltaic capacity target to 17.8 GW in 2015, 70% higher than actual installed capacity in 2014.

Wind power projects with total capacity of a historical high of 34GW were included in the fifth batch of the “12th Five-Year” wind power project pre-approval list issued by the NEA in April 2015.

The development of wind power and solar power generation has become one of the important drivers to achieve steady economic growth and structural optimization in China.

2. Government Aims to Solve Renewable Energy Consumption Problem Due to Lower Electricity Demand Growth

According to NEA data, China's total electricity consumption was 2.66 trillion kWh in the first half of 2015, representing an increase of 1.3%, which dropped four percentage points over the same period last year, and it is also the lowest growth pace over the past three decades. Since the installed capacity was greater than the increase of electricity consumption, the northeast and northwest regions of the country experienced curtailment.

National Development and Reform Commission (NDRC) and NEA jointly issued the “Guidance on Improving Grid Operation and Promoting the Utilization of Clean Energy” in March 2015, according to which the annual power generation plans were required to give priorities to hydropower, wind power, solar power and other clean energy generation; clean energy industry were encouraged to participate in market activities; additional flexibility of power grid allocation was requested through overall consideration to incorporate supplementary power and clean energy, and give priority to clean energy transmission with defined power transmission ratios.

In May 2015, NEA issued the “Notice on Further Perfecting the Administration of Annual Wind Power Development Plans”, requested in-depth analysis and evaluation regarding the development and operation of local wind power generation where curtailment occurred. Regions with curtailment rate over 20% are not allowed to schedule new construction projects.

According to NEA's released data, in the first half of 2015, the national average utilization hours of wind power was 933 hours, 15 hours more than the same period last year, while the average utilization hours of solar power of State Grid region was 642 hours, 7 hours more than the same period last year.

3. Power Grid Construction Continue to be a High Priority

China's ultra-high voltage (UHV) transmission lines construction experienced accelerated development in the first half of 2015. The "two A/C, two D/C Projects", i.e. the West Inner Mongolia-South Tianjin 1000kV UHV A/C line, Yuheng-Weifang 1000kV UHV A/C line, Jiuquan-Hunan ± 800 kV D/C UHV line and Jinbei-Jiangsu ± 800 kV D/C UHV line, have obtained approvals to commence construction.

According to the "Notice on Accelerating the Atmospheric Pollution Prevention Action Plan Construction of the 12 Major Transmission Lines" and "Missions to Construct Power Transmission Lines for Air Pollution Control" issued by NEA, the 12 major transmission lines are required to put into operation between 2016 and 2017. The transmission lines will not only improve consumption of renewable energy, but can also ease curtailment issues.

4. Significant Improvement in Renewable Energy Technology

During the reporting period, renewable energy technology was further enhanced. The turbine blade length further increased and wind energy conversion efficiency was further improved. Turbine quality and operational stability were also improved significantly, which enhanced investment return in wind power investment in southern China. In terms of solar power, economic benefits of solar power projects were increased, due to continuously improving conversion efficiency of battery modules and the declining costs of raw materials. Meanwhile, big strides have also been made in solar thermal power and energy storage technology.

5. Favourable Financing Environment with Continuous Decline in Interest Rates

In the reporting period, the People's Bank of China cut the RMB benchmark loan and deposit interest rates for financial institutions for three times, reduced a total of 0.75 percentage points; the required reserve ratio was reduced twice and down by a total of 1.5 percentage points for all banks and reduced one more time for targeted banks. During the reporting period, the overall financing environment was improved with lower project financing costs, which enhanced economic benefits of the power plants.

II. Business Review

In the reporting period, the Group's consolidated revenue amounted to HK\$2,174,462,000 (1H 2014: HK\$1,194,334,000), increased by 82.06% compared to last year; profit attributable to owners of the Company totalled HK\$253,021,000 (1H 2014: HK\$122,596,000), increased by 106.39% compared to last year. The Group's basic earnings per share were 2.83 HK cents (1H 2014: 1.43 HK cents). The Group's fully diluted earnings per share were 2.83 HK cents (1H 2014: 1.43 HK cents).

At the end of the reporting period, the Group's net asset value totalled HK\$5,963,130,000 (31 December 2014: HK\$5,755,621,000). The Group's cash and cash equivalents were HK\$1,685,301,000 (31 December 2014: HK\$1,105,341,000) by the end of the reporting period.

During the reporting period, the Group's consolidated revenue and profit increased significantly due to growing power generation output attributable to the Group as well as improved economic benefits of the power plants.

i. Power Plant Investment Development and Operation Business

1. Power Generation Output Surged with Improved Power Plant Economic Benefits

During the reporting period, the generation output attributable to the Group was 792.53 million kWh (1H 2014: 548 million kWh), up 44.62% compared to the same period last year, of which wind power generation output was 553.81 million kWh (1H 2014: 424.62 million kWh), up 30.42% compared to same period last year, while solar power generation was 238.72 million kWh (1H 2014: 123.38 million kWh), up 93.48% compared to last year.

During the reporting period, the Group's power plants generated electricity output of 1,590.53 million kWh (1H 2014: 1,197.71 million kWh), up 32.79% compared to the same period last year, of which wind power generation was 1,334.18 million kWh (1H 2014: 1,061.35 million kWh), up 25.71% compared to same period last year and solar power generation was 256.36 million kWh (1H 2014: 136.36 million kWh), up 88.00% compared to the same period last year.

During the reporting period, the revenue from controlling power plants were HK\$250,577,000 (1H 2014: HK\$108,877,000). The Group recorded share of results in associates and joint ventures of HK\$65,384,000 (1H 2014: HK\$34,730,000).

2. Power Plant Operation Indicators and Average Tariff Rate Remained Stable

During the reporting period, the availability rate of wind turbines achieved 95.07% (1H 2014: 95.84%) and the weighted average utilization hours of the Group's wind power plants were 918 hours (1H 2014: 837 hours). The availability rate of the Group's solar power plants was 99.85% (1H 2014: 99.77%). The weighted average utilization hours of the Group's solar power plants were 818 hours (1H 2014: 815 hours). The average grid curtailment rate of the Group's wind power plants was 23.2% (1H 2014: 15.2%) and 0.5% (1H 2014: 0.3%) for the Group's solar power plants.

During the reporting period, the weighted average tariff rate of the Group's wind power plants was RMB0.5586/kWh (including VAT) (1H 2014: RMB0.5556/kWh). The weighted average tariff rate of the Group's solar power plants was RMB1.054/kWh (including VAT) (1H 2014: RMB1.099/kWh).

3. Power Plant Capacity Achieved Stable Growth

During the reporting period, the total installed capacity of power projects the Group invested in was 563MW, among which there were 8 continued projects and 8 new projects under construction with capacity of 262MW and 301MW, respectively. 8 were wind power plants with capacity of 372MW and attributable capacity of 289MW, and 8 were solar power plants with capacity of 191MW and attributable capacity of 177MW.

During the reporting period, the Group had 5 new wind and solar power plants commenced operation, with total capacity of 132MW and attributable capacity of 59MW; of which 2 were wind power plants with capacity of 98MW and attributable capacity of 39MW and 3 were solar power plants with capacity of 34MW and attributable capacity of 20MW.

As at the end of the reporting period, the Group had 42 grid-connected wind and solar power plants, with a total capacity of 1,964MW and attributable capacity of 1,017MW; of which 30 were wind power plants with total capacity of 1,599MW and attributable capacity of 671MW and 12 were solar power plants with total capacity of 365MW and attributable capacity of 346MW.

4. Outstanding Project Development and Abundant Resource Reserves

During the reporting period, the Group obtained 6 final project approvals with total capacity of 270MW from the provincial energy authorities, including 4 wind power projects with total capacity of 200MW and 2 solar power projects with total capacity of 70MW.

17 of the Group's wind power projects with a total capacity of 860MW were included in the fifth batch of the "12th Five-Year" wind power project pre-approval list issued by the NEA, which are all located in regions that are not subject to grid congestion.

During the reporting period, the Group signed 500MW of wind power and 200MW of solar power exclusive development right agreements. At the end of the reporting period, the Group's wind resources amounted to over 28GW and solar power resources totaled to 8GW, which ensure the sustainable development of the Group.

ii. Renewable Energy Service Business

1. Engineering, Procurement & Construction (EPC) Business Highly Increased

During the reporting period, the Group's EPC company undertook 19 external and internal integrated EPC projects with a total capacity of 909MW. In terms of external integrated EPC projects, Huadian Fuxin Energy Corporation Limited(Huadian Fuxin)'s Inner Mongolia Siziwangqi wind power project (49.5MW), Henan Yiyang wind power project (49.5MW) and Shenzhen Energy Group Company Limited's Jiangsu Sihong wind power project (50.4MW) have commenced operation. In addition, Huadian Fuxin's Inner Mongolia Damaoqi wind power project (200MW), Hebei Kangbao (96MW) and other wind power projects were all progressing smoothly. Some other external integrated EPC projects are currently under negotiation and expecting conclusion in the second half of the financial year.

The Group's design company, as a member of the integrated EPC group, in addition to providing various design consultancy services for the integrated EPC projects, also provided assessment and consulting services for the Group and external renewable energy investors. During the reporting period, the Group completed 63 wind or solar resource assessment and technical advisory reports, 20 feasibility studies and 3 construction designs.

During the reporting period, the Group's EPC companies generated total revenue of HK\$1,865,403,000 (1H 2014: HK\$1,020,648,000).

2. Power Plant Operation and Maintenance (O&M) Remained Stable

The Group's power plant O&M companies provided full O&M services, equipment preventive tests, technical renovation overhaul, wind power forecast and other services to internal and external power plants, as well as carried out warranty period inspection and maintenance services contracted by turbine manufacturers.

During the reporting period, the Group's O&M unit had provided services to 39 wind and solar power plants. In addition, 11 scheduled inspection service contracts were signed with turbine manufacturers, and 10 service contracts for preventive tests, technical renovation overhaul and wind power forecast were signed with wind power plants.

During the reporting period, this business segment contributed revenue of HK\$58,482,000 (1H 2014: HK\$64,809,000) to the Group.

III. Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and cash equivalents of approximately HK\$1,685,301,000 (31 December 2014: HK\$1,105,341,000). As at that date, the current ratio was 1.21 times (31 December 2014: 1.21 times), gearing ratio (long term debt divided by owner's equity) was 0.52 (31 December 2014: 0.27). At the end of the reporting period, the Group's borrowings amounted to HK\$3,297,542,000 (31 December 2014: HK\$1,716,242,000), and the net assets of the Group stood at HK\$5,963,130,000 (31 December 2014: HK\$5,755,621,000).

Foreign Exchange Risk

During the reporting period, the Group's principal businesses including capital expenditures are dominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purpose.

Charge of Asset

As at 30 June 2015, equipment of the Group was pledged as security for outstanding loan of RMB 1,370,210,000 (31 December 2014: RMB 492,000,000).

Contingent Liability

As at 30 June 2015, the Group has pledged its 49% equity interest of Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. ("Erlian"), with total value of its share of registered capital amounted to HK\$47,222,000 (31 December 2014: HK\$47,207,000) as the security for the outstanding bank borrowing of Erlian as at 30 June 2015 of RMB64,739,000 (31 December 2014: RMB75,225,000).

The Group has also provided a corporate guarantee and has pledged its 49% equity interest of Gansu Guazhou Century Concord Wind Power Co., Ltd. ("Guazhou"), with total value of its share of registered capital of HK\$415,755,000 (31 December 2014: HK\$415,618,000) for a loan facility of Guazhou of up to US\$140,000,000. As at 30 June 2015, the outstanding amount of such loan was approximately US\$63,102,000 (31 December 2014: US\$68,310,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 30 June 2015.

Commitments

As at end of 30 June 2015, the Group had capital commitments of HK\$2,568,270,000 (31 December 2014: HK\$2,778,432,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK\$1,142,084,000 (31 December 2014: HK\$803,680,000) and capital committed for the payment for equipment purchased by subsidiaries of HK\$1,426,186,000 (31 December 2014: HK\$1,974,752,000).

IV. Staff and Remuneration

As of 30 June 2015, the Group had 1,016 (31 December 2014: 1,069) full-time employees —94 for the Group's headquarter, 286 for project development and management, 206 for EPC and 430 for O&M.

During the reporting period, the staff cost were HK\$62,823,000 (1H 2014: HK\$58,370,000), a increase of HK\$4,453,000 compared to the same period last year.

V. Social Responsibility and Environmental Protection

The Group attaches great importance to social responsibility and concern for employee occupational health, safety and working ability advancement. The Group continuously provided university financial aid and donations to those who suffered from earthquake in Tibet. The Group's charity fund also assisted employees and their families who faced living difficulties. The Group increased investment in environmental protection and soil & water conservation through its wind and solar power projects, in order to achieve harmony with the environment and strive to improve the nation's energy infrastructure and reduce air pollution.

During the reporting year, the Group's invested wind and solar power plants reduced carbon dioxide emission by 1,500,000 tons, sulfur dioxide emission by 14,827 tons, and nitrogen oxide emission by 1,315 tons. Moreover, in contrast to coal-fired thermal plants, the Group's wind and solar power plants saved 510,000 tons of standard coal and 4,200,000 tons of water. At the end of the reporting period, the Group's invested wind and solar power plants had cumulatively reduced carbon dioxide emission by 12,170,000 tons, sulfur dioxide emission by 120,637 tons, and nitrogen oxide emission by 10,684 tons. They had saved 4,110,000 equivalent tons of standard coal and 34,100,000 tons of water. The reduction of emissions of pollutants made a contribution to the reduction of PM10 and PM2.5 to reduce smog.

VI. Prospect

Renewable energy plays an important role in energy structuring, air pollution reduction, smog governance as well as global warming prevention. In view of the global economic uncertainties, renewable energy has become a new driver of economic development as its technology and business innovation has led the development of electric power, manufacturing, finance, information technology and other related industries. Countries across the globe including China have been supporting the development of renewable energy through favourable policies, interest rates and tax incentives.

In light of the improving consumption and transmission conditions as well as favourable financing environment, China's wind and solar power industry is expected to enjoy sustained and stable growth.

In recent years, the numbers of the Group's majority owned power plants and earnings from its power generation business have been significantly improved through business expansion in the solar sector in southern China as well as capital structure optimization.

In the second half of 2015, with anticipated increase in earnings from power generation and the continuous progress on EPC projects, we expect the performance of the Group will continue to improve throughout the year. To achieve the Group's business objectives, the Group will persist on the following operational strategies in 2015:

1. Stand firmly by the Group's investment principal and develop profitable wholly-owned or majority owned wind and solar power projects with good economic benefits in southern China without curtailment.
2. Continue to optimize and adjust the Group's assets composition by disposing inefficient and northern assets and increase installed capacity in regions without curtailment.
3. Enhance safety management during the course of production in the power plants by improving economic efficiency, strengthening refined management in production and up-lifting technical standards of power plant operation. Various effective measures will be adopted to increase the equivalent available hours and reduce the loss from curtailment.
4. Strengthen our construction capability in each operating segment, continue to expand the external business, ensure the completion of construction plan and achieve target business indicators.
5. Continue the implementation of cost control.

As an emerging strategic and emerging new industry, the development of the renewable energy industry has a bright future. We believe, with the dedication of all the staff members in the Group, we will strive for innovation and excellence and make every possible effort to create excellent return for our shareholders and the society.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Interim Dividend

The Board has resolved to declare that an interim dividend of 1.0 HK cent per share for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil) on the shares in issue amounting to an aggregate of approximately HK\$89,462,000 (six months ended 30 June 2014: Nil), to the shareholders whose names appear in the register of members on 28 August 2015. The dividend will be payable on or about 23 September 2015.

Closure of Register of Members

The Register of Members will be closed from Wednesday, 26 August 2015 to Friday, 28 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to determine members who are entitled to qualify for the proposed interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited of 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Tuesday, 25 August 2015.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2015, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code") from time to time, as set out in Appendix 14 to the Listing Rules.

All other information on the Corporate Governance Code of the Company has been disclosed in the Corporate Governance Report contained in the 2014 annual report of the Company issued in April 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, 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 unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

For and on behalf of

Concord New Energy Group Limited

Liu Shunxing

Chairman

Hong Kong, 10 August 2015

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Mr. Yang Zhifeng (Chief Executive Officer), Ms. Liu Jianhong and Mr. Yu Weizhou (who are executive directors), Mr. Gao Fuchun (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).