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 2021

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 2021, together with the comparative figures for the corresponding period in 2020. These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

**for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2021 – Unaudited

	Notes	2021 RMB'000	2020 RMB'000
Revenue	2,3	**970,259**	999,540
Cost of sales and services rendered		**(332,739)**	(357,088)
Gross profit		**637,520**	642,452
Other income	4	**25,462**	17,333
Other gains and losses, net	5	**(732)**	63,990
Impairment losses under expected credit loss model, net of reversal	6	**10,830**	(24,025)
Distribution and selling expenses		**(5,859)**	(6,134)
Administrative expenses		**(135,091)**	(156,700)
Finance costs	7	**(208,255)**	(202,575)
Share of profit of joint ventures, net		**112,348**	83,622
Share of profit of associates, net		**7,476**	6,186
Profit before income tax		**443,699**	424,149
Income tax expense	8	**(27,028)**	(42,579)
Profit for the period		**416,671**	381,570
Profit or the period attributable to:			
Equity shareholders of the Company		**403,213**	379,389
Non-controlling interests		**13,458**	2,181
		416,671	381,570
Earnings per share			
Basic *(RMB cents)*	9(a)	**4.90**	4.60
Diluted *(RMB cents)*	9(b)	**4.85**	4.31

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2021 – Unaudited

	2021	2020
	RMB'000	*RMB'000*
Profit for the period	**416,671**	381,570
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**4,088**	(1,476)
Other comprehensive income for the period, net of tax	**4,088**	(1,476)
Total comprehensive income for the period	**420,759**	380,094
Total comprehensive income attributable to:		
Equity shareholders of the Company	**407,017**	378,342
Non-controlling interests	**13,742**	1,752
	420,759	380,094

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021 – Unaudited

	Notes	**30 June 2021** *Unaudited* ***RMB'000***	31 December 2020 *Audited* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**9,005,215**	9,335,866
Right-of-use assets		**472,605**	503,990
Intangible assets		**829,497**	874,259
Interests in associates		**463,240**	476,814
Interests in joint ventures		**1,258,817**	1,509,941
Financial assets at fair value through profit or loss		**109,994**	50,416
Contract assets	*11*	**72,167**	48,126
Prepayments, deposits and other receivables		**1,330,549**	988,712
Finance lease receivables		**66,453**	18,814
Loan receivables		**6,528**	20,248
Deferred tax assets		**38,337**	37,650
		13,653,402	13,864,836
Current assets			
Inventories		**16,402**	12,148
Contract assets	*11*	**524,649**	669,655
Trade and bill receivables	*12*	**1,398,632**	1,148,588
Prepayments, deposits and other receivables		**583,023**	1,098,489
Finance lease receivables		**10,968**	5,326
Loan receivables		**2,567**	9,146
Amounts due from associates		**75,482**	77,860
Amounts due from joint ventures		**31,660**	34,164
Cash and cash equivalents		**1,345,958**	2,280,459
Restricted deposits		**431,098**	327,610
		4,420,439	5,663,445
Assets classified as held for sale	*13*	**2,010,470**	-
		6,430,909	5,663,445
Total assets		**20,084,311**	19,528,281
LIABILITIES			
Non-current liabilities			
Bank borrowings		**897,254**	1,336,002
Other borrowings		**5,851,788**	5,834,431
Senior notes payable		**549,263**	552,803
Convertible loan		**328,013**	355,270
Lease liabilities		**61,238**	65,552
Deferred tax liabilities		**1,014**	4,626
Deferred government grants		**14,218**	14,693
Payables for construction in progress, other payables and accruals		**498,979**	518,552
Financial guarantee contract liabilities		**24,344**	22,542
		8,226,111	8,704,471

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
As at 30 June 2021 – Unaudited

	Notes	**30 June 2021** *Unaudited* ***RMB'000***	31 December 2020 *Audited* *RMB'000*
Current liabilities			
Trade and bill payables	*14*	**1,161,016**	959,970
Payables for construction in progress, other payables and accruals		**1,474,850**	1,779,996
Contract liabilities		**55,583**	63,681
Amounts due to joint ventures		**4,686**	4,873
Bank borrowings		**153,300**	171,245
Other borrowings		**585,631**	412,819
Senior notes payable		**16,795**	811,215
Convertible loan		**136,613**	76,395
Lease liabilities		**10,562**	10,562
Financial guarantee contract liabilities		**7,718**	8,599
Current income tax liabilities		**17,252**	29,953
		3,624,006	4,329,308
Liabilities associated with assets classified as held for sale	*13*	**1,527,223**	**-**
		5,151,229	4,329,308
Total liabilities		**13,377,340**	13,033,779
Net current assets		**1,279,680**	1,334,137
Total assets less current liabilities		**14,933,082**	15,198,973
Net assets		**6,706,971**	6,494,502
EQUITY			
Share capital	*15*	**72,412**	72,412
Reserves		**6,549,483**	6,347,456
Total equity attributable to equity shareholders of the Company		**6,621,895**	6,419,868
Non-controlling interests		**85,076**	74,634
Total equity		**6,706,971**	6,494,502

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation and presentation

The unaudited condensed consolidated financial statements of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	*COVID-19-Related rent concessions beyond 30 June 2021*
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*

The application of the Amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2 Segment information

Business segments

The management has determined the operating segments based on the internal reports reviewed and used by executive directors of the Company, who are the chief operating decision markers ("CODM"), for strategic decision making.

The CODM considers the business from a product and service perspective. The Group is organised into certain business units according to the nature of the products sold or services provided. The CODM reviews operating results and financial information of each business unit separately. Accordingly, each business unit (including joint ventures and associates) is identified as an operating segment. These operating segments with similar economic characteristics and similar nature of products sold or services provided have been aggregated into the following reporting segments:

- Power generation segment – operation of wind and solar power plants through subsidiaries, generating electric power for sale to external power grid companies, investing in power plants through joint ventures and associates;

- “Others” segment – provision of power plant operation and maintenance services, provision of design, technical and consultancy services, undertaking electrical engineering and construction of power plant projects (the "engineering, procurement and construction business"), provision of finance lease services and energy internet services.

The CODM assesses 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.

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' remuneration, certain other gains and losses, certain other income, finance income and finance costs.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments other than assets and liabilities attributable to head office.

	Power generation	**Others**	**Segment Total**	**Elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2021					
Segment revenue					
Sales to external customers*	**865,340**	**104,919**	**970,259**	**-**	**970,259**
Inter-segment sales	**-**	**240,865**	**240,865**	**(240,865)**	**-**
	865,340	**345,784**	**1,211,124**	**(240,865)**	**970,259**
Segment results	**656,196**	**(34,373)**	**621,823**		**621,823**
Unallocated other gains and losses, net					**10,098**
Unallocated income					**13,793**
Unallocated expenses					**(5,429)**
Finance income					**11,669**
Finance costs					**(208,255)**
Profit before income tax					**443,699**
Income tax expense					**(27,028)**
Profit for the year					**416,671**
As at 30 June 2021					
Segment assets	**17,048,304**	**2,992,820**	**20,041,124**		**20,041,124**
Unallocated assets					**43,187**
Total assets					**20,084,311**
Segment liabilities	**(11,360,371)**	**(1,547,387)**	**(12,907,758)**		**(12,907,758)**
Unallocated liabilities					**(469,582)**
Total liabilities					**(13,377,340)**

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB771,186,000 and RMB94,154,000 respectively.*

	Power generation	Others	Segment Total	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2020					
Segment revenue					
Sales to external customers*	908,418	91,122	999,540	-	999,540
Inter-segment sales	-	155,108	155,108	(155,108)	-
	908,418	246,230	1,154,648	(155,108)	999,540
Segment results	581,001	2,640	583,641		583,641
Unallocated other gains and losses, net					39,965
Unallocated income					12,274
Unallocated expenses					(14,215)
Finance income					5,059
Finance costs					(202,575)
Profit before income tax					424,149
Income tax expense					(42,579)
Profit for the year					381,570
As at 31 December 2020					
Segment assets	16,348,975	3,068,410	19,417,385		19,417,385
Unallocated assets					110,896
Total assets					19,528,281
Segment liabilities	(11,197,561)	(1,376,804)	(12,574,365)		(12,574,365)
Unallocated liabilities					(459,414)
Total liabilities					(13,033,779)

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB722,084,000 and RMB186,334,000 respectively.*

3 Revenue

3.1 An analysis of the Group's revenue for six months ended 30 June 2021 is as follows:

	Power generation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers:			
Sale of electricity:			
Basic electricity price	**577,964**	**-**	**577,964**
Renewable energy subsidy	**287,376**	**-**	**287,376**
Power plant operation and maintenance services	**-**	**80,892**	**80,892**
Engineering, procurement and construction	**-**	**10,847**	**10,847**
Provision of design services	**-**	**2,958**	**2,958**
Provision of technical and consultancy services	**-**	**4,933**	**4,933**
Other revenue	**-**	**108**	**108**
	865,340	**99,738**	**965,078**
Finance lease income	**-**	**5,181**	**5,181**
Total revenue	**865,340**	**104,919**	**970,259**

3.2 An analysis of the Group's revenue for six months ended 30 June 2020 is as follows:

	Power generation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers:			
Sale of electricity:			
Basic electricity price	549,586	-	549,586
Renewable energy subsidy	347,374	-	347,374
Power plant operation and maintenance services	-	51,332	51,332
Engineering, procurement and construction	-	11,396	11,396
Provision of design services	-	1,123	1,123
Provision of technical and consultancy services	-	13,980	13,980
Provision of agency service on sale of equipment	-	8,223	8,223
Other revenue	-	801	801
	896,960	86,855	983,815
Finance lease income	-	4,267	4,267
Financing component interest income	11,458	-	11,458
Total revenue	908,418	91,122	999,540

4 Other income

An analysis of the Group's other income for six months ended 30 June is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Interest income	**11,669**	5,059
Government grants：		
— Tax refunds	**4,936**	4,400
— Others	**1,857**	1,401
Guarantee income	**-**	4,674
Rental income	**704**	894
Others	**6,296**	905
	25,462	17,333

5 Other gains and losses, net

An analysis of other gains and losses, net is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
(Loss)/ gain on disposal / de-registration of subsidiaries, net	**(2,892)**	48,908
Loss on disposal of joint ventures	**(6,552)**	-
Fair value gains on financial assets at fair value through profit or loss ("FVTPL")	**56,528**	12,740
Fair value (loss)/ gains on derivative component of convertible loan	**(37,411)**	12,166
Exchange loss, net	**(1,653)**	(1,144)
Loss on disposal of property, plant and equipment	**(287)**	(3,976)
Others	**(8,465)**	(4,704)
	(732)	63,990

6 Impairment losses under expected credit loss model, net of reversal

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Impairment loss on contract assets	**-**	3,887
Impairment loss (reversed)/ recognize on trade receivables	**(5,276)**	6,539
Impairment loss (reversed)/ recognize on other receivables	**(5,554)**	10,925
Impairment loss on amounts due from joint ventures	**-**	2,200
Impairment loss on finance lease receivables	**-**	92
Impairment loss on loan receivables	**-**	382
	(10,830)	24,025

7 Finance costs

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Interest expenses on:		
— Bank borrowings	**28,804**	93,181
— Other borrowings	**184,335**	140,458
— Senior notes payable	**36,251**	55,158
— Convertible loan	**21,583**	20,454
— Lease liabilities	**1,688**	1,845
	272,661	311,096
Less: Interest capitalised	**(64,406)**	(108,521)
	208,255	202,575

8 Income tax expense

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Current tax		
— People's Republic of China (the "PRC") corporate income tax	**27,669**	39,737
— PRC withholding tax	**7,099**	750
(Over-provision)/ under-provision in prior years		
— PRC corporate income tax	**(1,118)**	1,564
Deferred tax	**(6,622)**	528
	27,028	42,579

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company RMB403,213,000 (the corresponding period of 2020: RMB379,389,000) by the weighted average number of 8,235,351,000 (the corresponding period of 2020: 8,248,572,000) ordinary shares in issue during the period, after adjusting the effect of shares repurchased and held by the Company's share award scheme.

(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 from the share award scheme and the convertible loan.

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**403,213**	379,389
Effect of dilutive potential ordinary shares:		
Adjustments on convertible loan	**-**	15,592
Earnings for the purpose of diluted earnings per share	**403,213**	394,981
	000'shares	*000'shares*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,235,351**	8,248,572
Effect of dilutive potential ordinary shares:		
Share award scheme	**70,413**	48,777
Convertible loan	**-**	866,043
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,305,764**	9,163,392

10 Dividend

During the current interim period, a final dividend of HK$0.03 per ordinary share in respect of the year ended 31 December 2020 (the year ended 31 December 2019: HK$0.025) was declared to the owners of the Company. The aggregate amount of final dividend declared in the current interim period equivalent to approximately RMB208,857,000 (the corresponding period of 2020: RMB191,893,000). The dividend has been paid on 18 June 2021（2020: 2 July 2020）.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2020: nil).

11 Contract Assets

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Tariff adjustment receivables	**279,880**	329,385
Retention money	**314,778**	374,504
Construction contracts	**2,158**	13,892
	596,816	717,781
Analysed for reporting purposes as:		
Current assets	**524,649**	669,655
Non-current assets	**72,167**	48,126
	596,816	717,781

12 Trade and bill receivables

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Trade receivables, at amortised cost	**328,801**	237,437
Tariff adjustment receivables, at amortised cost	**1,069,727**	777,749
Bill receivables, at FVTPL	**6,476**	143,385
	1,405,004	1,158,571
Less : Impairment loss on trade receivables	**(6,372)**	(9,983)
	1,398,632	1,148,588
Analysed for reporting purposes as:		
Current assets	**1,398,632**	1,148,588
	1,398,632	1,148,588

As at 30 June 2021, the aging analysis of the trade receivables, net of allowance for doubtful debts, presented based on invoice date, is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 3 months	**221,310**	181,130
3 to 6 months	**67,533**	21,611
6 to 12 months	**18,195**	6,251
1 to 2 years	**5,716**	17,536
Over 2 years	**9,675**	926
	322,429	227,454

The Group's credit terms granted to customers ranging from 30 to 180 days, except for tariff adjustment receivables recognised by the power plants which have not been included in the Catalogue. On certain construction revenue and equipment sales projects, the Group generally grants project final acceptance period and retention period to its customers ranging 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 2021, the aging analysis of the tariff adjustment receivables, based on the revenue recognition date, is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 3 months	**84,799**	87,171
3 to 6 months	**128,364**	68,329
6 to 12 months	**174,463**	374,667
Over 1 year	**682,101**	247,582
	1,069,727	777,749

13 Assets / liabilities classified as held for sale

During the current interim period, the Group decided to dispose of its controlling equity interests in certain subsidiaries, which are mainly engaged in wind power plant and solar power plant operations. Given the consideration that the disposal net proceeds may exceed the net value of assets and liabilities, no impairment loss was recognized.

As at 30 June 2021, the assets and liabilities attributable to these subsidiaries, which were expected to be sold within twelve months, have been classified as held for sales and are presented separately in the condensed consolidated statement of financial statements:

	30 June 2021
	RMB'000
Property, plant and equipment	**1,597,795**
Right-of-use assets	**58,643**
Intangible assets	**44,714**
Contract assets	**39,733**
Prepayments, deposits and other receivables	**219,739**
Deferred tax assets	**2,324**
Inventories	**264**
Trade and bill receivables	**43,198**
Cash and cash equivalents	**4,060**
Assets classified as held for sale	**2,010,470**
Bank borrowings	**32,066**
Other borrowings	**1,364,789**
Trade payables	**990**
Current income tax liabilities	**192**
Other payables and accruals	**129,186**
Liabilities associated with assets classified as held for sale	**1,527,223**

The above assets/liabilities classified as held for sale excluded the net amounts due to intragroup entities as at 30 June 2021 totalling RMB25,240,000.

14 Trade and bill payables

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Trade payables	**530,359**	533,037
Bill payables	**630,657**	426,933
	1,161,016	959,970

As at 30 June 2021, the aging analysis of the trade payables, based on invoice date, is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 3 months	**89,770**	102,595
3 to 6 months	**10,416**	9,950
6 to 12 months	**9,733**	10,519
1 to 2 years	**73,917**	55,786
Over 2 years	**346,523**	354,187
	530,359	533,037

15 Share capital

Ordinary shares issued of HK$0.01 each:

	No. of shares	**Nominal value**
	000' shares	*RMB'000*
As at 1 January 2021:	8,366,855	72,412
As at 30 June 2021:	**8,366,855**	**72,412**

Note:

Treasury shares for the purpose of share award schemes

As at 30 June 2021, 123,300,000 ordinary shares are held as treasury shares (31 December 2020: 156,300,000 shares) for the purpose of the Group's share award schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In the first half of 2021, China's economy maintained steady growth, achieving a year-on-year GDP growth of 12.7%, and a geometric average growth of 5.3% for both years. Various macro policies have maintained continuity, stability, and sustainability, and industry, service industries, and fixed asset investment have continued to recover and grow steadily, stimulating rapid growth in power consumption. In the first half of the year, the overall electricity consumption of the society increased by 16.2% year-on-year in China, with a continuous growth of the share of clean energy consumption.

In the first half of 2021, China adhered to its goal orientation, followed the market-oriented direction and strengthened all-round policy protection to promote high-quality development of renewable energy industry in the era of grid parity, and the renewable energy industry in China received a number of positive factors again.

Firstly, the main role of new energy in the future power system is clear, helping the industry to develop at a high speed and in the long term. On 15 March, China pointed out that it would build a new power system with new energy as the main body, for the first time, the dominant position of new energy in the future power system was clarified, which will promote the accelerated development of wind power and photovoltaic (PV) power generation industries. The National Energy Administration* (國家能源局) has put forward the goal of which "the national wind power and PV power generation will account for approximately 11% of the total electricity consumption of the society in 2021, and the installed capacity of non-fossil energy power generation will reach approximately 1,100 GW" while implementing renewable energy alternative action, constructing a new type of power system, establishing a weighting mechanism to guide the consumption responsibility and a diversified protection mechanism for grid-connection, improving the Green Electricity Certificate mechanism and the green power consumption mechanism, attracting more financial support under guidance to promote the rapid development of the wind power and PV power generation industries. According to data from the National Energy Administration, in the first half of 2021, the newly installed capacity of wind power in the PRC was 10.84 GW, and the newly installed capacity of PV power generation was 13.01 GW, representing a year-on-year increase of 4.52 GW and 2.86 GW respectively. The national average utilization hours of wind power reached 1,212 hours, representing a year-on-year increase of 88 hours, while the national average utilization hours of PV power reached 660 hours, representing a year-on-year decrease of 3 hours. The national average wind power curtailment rate was 3.6%, representing a decrease by 0.3 percentage point year-on-year, while the national average PV power curtailment was 2.1%, representing a decrease by 0.07 percentage point year-on-year.

Secondly, technological advances drive a substantial drop in the average cost of wind power. During the reporting period, wind turbines continued to develop in large-scale and intelligence, single turbine capacity and blade diameter continued to increase. Wind turbine prices declined significantly, and cost per kW of wind power projects declined significantly. PV technology continued to develop with larger silicon wafers and higher power modules, and the conversion efficiency of cells and modules continued to improve. The production capacity of 182 and 210mm size products continued to increase and entered the market rapidly; PV cell technology showed diversified development, with N-type cells rising rapidly and the theoretical photoelectric conversion efficiency generally higher than the average level of 24%. The PV supply chain saw an increase in raw material and module prices in the first half of the year, but due to the strong wait-and-see atmosphere in the domestic market and lukewarm modules demand from overseas, cell prices are now on a downward trend and it is difficult for modules prices to continue to rise, with overall PV supply chain prices remaining stable for the time being. The leapfrogging of technological advances and innovations in wind power and PV power generation will continue to drive up the efficiency of power generation and bring down costs.

Thirdly, Intelligent operation and maintenance (O&M) is set for a period of rapid development. With the rapid development of the wind power and PV power industries, digital and intelligent level of power plants increasing, intelligent O&M will enter a rapid growth track. In addition to the rapid increase in new installed capacity, there is also a growing demand for quality and efficiency improvement in existing power plants, which has led to a rapid increase in demand for out-of-warranty O&M, in-depth technical transformation, intelligent operations, upgrading of old turbines, spare parts management and data services. Intelligent O&M is beginning to cover the value chain of the entire life cycle of power plant assets, and the O&M market continues to expand.

Fourthly, the establishment of a green finance and consumption system was accelerated, and financial support for the renewable energy industry continued to increase. On 16 July 2021, China's national carbon emission trading market officially opened for trading, with the power generation industry becoming the first industry to be included in the national carbon emission trading market. On 10 March, it was confirmed that Beijing will undertake construction of China's national management and trading center for voluntary greenhouse gas emission reduction, with various tasks under active preparation; Chinese Certified Emission Reduction (CCER) market has become more active, and in the context of the carbon market, new energy enterprises can generate additional revenue from the sale of CCER. The issuance of Green Electricity Certificate (GEC) for grid parity projects has also been officially launched, which will increase the revenue of grid parity projects. Meanwhile, financial subsidy funds for wind power and PV power industries which had been confirmed receivable but had not been received could apply for subsidized confirmation loans. Wind power and PV power industries are included in the Real Estate Investment Trusts (REITs) pilot for the infrastructure sector. In addition to the above, the improvement of green financial products and market system, as well as the continuity of financial and monetary policies supporting the real economy, will strongly support the development of the wind power and PV power industries.

II. BUSINESS REIVEW

In the first half of 2021, the Group grasped its strategic positioning, firmed confidence, focused closely on its annual objectives and comprehensively promoted various tasks such as safety production, engineering construction, project development, asset optimization, business synergy, operation management and risk prevention, etc. The scale of projects under construction of the Group reached a record high, the proportion of grid parity projects increased significantly and assets quality continued to be optimized and various operating indicators maintained stable, positive and steady growth. In the first half of the year, major operating indicators such as profit attributable to equity holders of the Group, power plants profit and production capacity all achieved year-on-year growth, and the liability-to-asset ratio continued to decrease, which consolidated the Group's good situation of sustainable and high-quality development.

In the first half of 2021, the Group maintained a generally stable safety situation. The Group has always adhered to the safety management principle of "safety first, prevention oriented and comprehensive management" and established a perfect safety management system. The Group's safety management level was enhanced to ensure the safe and stable operation of the Group through a series of measures such as implementation of safety responsibility system, safety education and training, safety supervision and inspection, investigation and management of hidden dangers, safety culture construction and safety responsibility assessment, etc.

In the first half of 2021, the Group achieved a total income of RMB970,259,000 (the same period in 2020: RMB999,540,000), representing a decrease of 2.9% compared with the same period of previous year; profit attributable to equity holders of the Group amounted to RMB403,213,000 (the same period in 2020: RMB379,389,000), representing an increase of 6.3% compared with the same period of previous year; basic earnings per share was RMB 4.90 cents (the same period in 2020: RMB4.60 cents); diluted earnings per share was RMB4.85 cents (the same period in 2020: RMB4.31 cents).

As of 30 June 2021, the Group had net assets of RMB6,706,971,000 (31 December 2020: RMB6,494,502,000) and net assets per share was RMB0.79 (31 December 2020: RMB0.78).

(1) Production of Power Plants Retained Positive Momentum

i. Production of Power Plants Retained Safe and Stable , and Attributable Power Generation Grew Steadily

During the reporting period, the Group's attributable power generation achieved year-on-year growth, representing an increase of 8.1% compared with the same period of previous year. Of these, the attributable power generation of wind power plants recorded a year-on-year increase of 14.7% (a year-on-year increase of 13.9% for power generation of wholly-owned wind power plants), mainly due to the improvement in the quality of assets and the increase in installed capacity of power plants; while the attributable power generation of PV power plants recorded a year-on-year decrease of 51.8% due to the reduction in installed capacity caused by the sale of PV power plants.

Total Attributable Power Generation（GWh）

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2021**	**1H2020**	**Change Rate**	**1H2021**	**1H2020**	**Change Rate**
Wind Power Generation	**2,543.8**	**2,218.4**	**14.7%**	**1,735.4**	**1,523.4**	**13.9%**
PV Power Generation	**118.0**	**244.7**	**-51.8%**	**111.8**	**235.7**	**-52.6%**
Total	**2,661.8**	**2,463.0**	**8.1%**	**1,847.2**	**1,759.2**	**5.0%**

ii. Grid Parity Projects Increased and Net Profit of Power Plants Continued to Grow

During the reporting period, grid parity projects of the Group's power plants accounted for a larger proportion. As of 30 June 2021, the Group's proportion of capacity for grid-connected power plants of grid parity reached 18.2%. Benefited from operation commencement of grid parity projects with high quality, improved assets quality of existing power plants and increased installed capacity, the Group achieved a year-on-year increase in net profit of power plants.

In the first half of 2021, the Group's wholly-owned power plants achieved a total income of RMB 865,340,000, representing a decrease of 4.7% compared with the same period of previous year, accounting for 89% of the Group's income (the same period of 2020: 91%).

In the first half of 2021, the Group's wholly-owned power plants achieved a total net profit of RMB 409,397,000 from power generation, representing an increase of 4.8% compared with the same period of previous year, and the Group shared RMB120,636,000 in the net profit from the power generation business of its associates and joint ventures.

Income and Net Profit of Power Plants (RMB)

	1H2021	**1H2020**	**Change Rate**
Income of Wholly-owned Power Plants	**865,340,000**	**908,418,000**	**-4.7%**
Including: Wind Power	771,186,000	722,084,000	6.8%
PV Power	94,154,000	186,334,000	-49.5%
Net Profit of Wholly-owned Power Plants	**409,397,000**	**390,746,000**	**4.8%**
Including: Wind Power	375,337,000	332,619,000	12.8%
PV Power	34,060,000	58,127,000	-41.4%
Net Profit of Jointly-owned Power Plants	**120,636,000**	**95,271,000**	**26.6%**
Including: Wind Power	117,452,000	90,252,000	30.1%
PV Power	3,184,000	5,019,000	-36.6%

iii. Average Utilization Hours Continued to Grow with Minimal Impacts from Power Curtailment

In the first half of 2021, benefited from the increase in the proportion of grid-connected projects of grid parity with higher utilization hours and technological transformation of power plants, the quality of the Group's power plants continued to improve and the average utilization hours of wind power plants increased significantly. The weighted average utilization hours of the Group's invested wind power plants reached 1,290, representing an increase of 113 hours compared with the same period of previous year, 78 hours higher than the national average. The weighted average utilization hours of wholly-owned wind power plants reached 1,384, representing an increase of 81 hours compared with the same period of previous year, 172 hours higher than the national average.

In the first half of 2021, the weighted average utilization hours of the Group's invested PV power plants reached 771, 111 hours higher than the national average, of which the weighted average utilization hours of wholly-owned PV power plants remained substantially consistent compared with the same period of previous year, 82 hours higher than national average.

Weighted Average Utilization Hours of Power Plants (Hour)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2021**	**1H2020**	**Change Rate**	**1H2021**	**1H2020**	**Change Rate**
Average Utilization Hours of Wind Power	**1,290**	**1,177**	**9.6%**	**1,384**	**1,303**	**6.2%**
Average Utilization Hours of PV Power	**771**	**751**	**2.7%**	**742**	**743**	**-0.1%**

In the first half of 2021, the average wind power curtailment rate of the Group's invested wind power plants was 3.8% and the wind power curtailment rate of wholly-owned wind power plants was 4.0%, of which the wind power curtailment rate of wholly-owned wind power plants increased by 0.6 percentage points year-on-year, mainly attributable to the increase in power curtailment rate in some southern regions during the flooding season and the limited output channels in Hebei and Shanxi. The average PV power curtailment rate of the Group's invested PV power plants was 14.1%, of which the PV power curtailment rate of wholly-owned PV power plants was 16.2%.

Wind and PV Power Curtailment Rates of Power Plants (%)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2021**	**1H2020**	**Change**	**1H2021**	**1H2020**	**Change**
Wind Power Curtailment Rate	**3.8%**	**4.4%**	**-0.6**	**4.0%**	**3.4%**	**0.6**
PV Power Curtailment Rate	**14.1%**	**10.1%**	**4.0**	**16.2%**	**11.1%**	**5.1**

iv. Optimizing the Quality of Power Plants Assets to Maintain a Higher Level of Availability of Power Plants

The Group continued to optimize the quality of power plants assets and improve the operational efficiency of power plants by increasing investment in technical transformation, strengthening equipment management and analysis, expediting the troubleshooting of power plants and standardizing the management of power plants operation indicators, etc. Availability of power plants had always remained high. Of these, availability of wind power plants increased compared with the same period of previous year. Availability of the Group's invested wind power plants was 98.02%, of which availability of wholly-owned wind power plants was 98.55%, both of which recorded year-on-year growth. Availability of the Group's invested PV power plants was 99.92%, of which availability of wholly-owned PV power plants was 99.90%, which was substantially consistent year on year.

Availability of Power Plants (%)

	The Group's Invested Power Plants			The Group's Wholly-owned Powe Plants		
Business Segments	**1H2021**	**1H2020**	**Change**	**1H2021**	**1H2020**	**Change**
Availability of Wind Power Plants	**98.02%**	**97.48%**	**0.54**	**98.55%**	**97.83%**	**0.72**
Availability of PV Power Plants	**99.92%**	**99.93%**	**-0.01**	**99.90%**	**99.91%**	**-0.01**

During the reporting period, the Group commenced 46 key technical transformation projects at power plants in various regions. In the first half of the year, the Group focused on efficiency improvements, such as super double-feed induction, the installation of small wings on blades, dual-mode modification, PV panel coating and blade leading edge protection, which were effective in improving the performance of wind turbines, increasing power generation of power plants and reducing power losses. Among these, the super double-feed induction technical transformation carried out in Hubei and other places have improved the annual equivalent power generation hours of turbines by 61 hours after evaluation. Safety-related technical transformation projects such as lightning protection, freeze-resistant anemometer and fully insulated pipe masters have enhanced the safety and stability of power plant operations.

Meanwhile, the Group speeded up the troubleshooting of power plants and significantly reduced the average breakdown recovery time of power plants. The Group actively promoted equipment management and analysis, analyzed common equipment problems, and provided support for project technical transformation plans while improving equipment availability. The Group continued to promote intelligent operation management of power plants, improve the data sharing solutions between POWER$^+$ and EAM systems, and enhance the online and offline interaction of various tasks to improve the operational efficiency and intelligent operation level of power plants.

v. Average Feed-in Tariff of Power Plants Experienced a Slight Decrease; Transitioned to the Grid Parity Era Smoothly

During the reporting period, with the impacts of the operation commencement of grid parity projects, the increase in power trading and ancillary service sharing costs, the weighted average feed-in tariff of the Group's invested power plants decreased slightly with a slight decrease. The gradual increase in the proportion of the Group's high quality grid parity projects and the continuous optimization of the quality of the Group's existing power plants would effectively offset the impact of the decrease in average feed-in tariff of power plants and ensure the Group's smooth transition to the grid parity era.

Weighted Average Feed-in Tariff of Power Plants (RMB/kWh) (Including VAT)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2021**	**1H2020**	**Change**	**1H2021**	**1H2020**	**Change**
Average Feed-in Tariff of Wind Power	**0.5118**	**0.5408**	**-0.0290**	**0.5237**	**0.5690**	**-0.0453**
Average Feed-in Tariff of PV Power	**0.9398**	**0.9577**	**-0.0179**	**0.9405**	**0.9224**	**0.0181**

(2) Solid and Vigorous Improvement in Power Plant Development and Construction

i. Continuously Improved Project Management Level and Vigorously Promoted Project Construction

In the first half of 2021, the scale of the Group's projects under construction reached a new high, with a total installed capacity of 1,742.5 MW (the same period in 2020: 946 MW) of the Group's invested power plants , the vast majority of which were wholly-owned grid parity projects. Of these, 6 projects were continued construction with an installed capacity of 387.5 MW, while 12 projects were under new commencement with an installed capacity of 1,355 MW.

In the first half of 2021, the Group strengthened the project safety, quality and environmental protection management systems, adhered to the bottom line of project construction safety and enhanced quality control throughout the process through measures such as standardization, supervision and inspection, and closed-loop rectification, etc. The Group's projects under construction in the first half of the year remained safe and stable, with quality under control. The Group strengthened project cost management, reinforced cost awareness and focused on process control, keeping project costs under control. Meanwhile, the Group actively promoted the application of new models such as large models and long blades, as well as new materials, technologies and techniques to improve project safety and quality, while effectively reducing project costs.

During the reporting period, the Group's projects under construction were of a high scale, with intensive construction peaks, diverse project types, large project scales and complex construction conditions, making project construction more difficult and challenging. The Group has strengthened project control and coordination, enhanced the linkage of project planning, design, tendering, supply and commencement, and enhanced full management of safety, quality, technology and capital, with overall progress and key guarantee, to ensure safe and steady progress of project construction. During the reporting period, the Group have 2 new power plants in operation with a total installed capacity of 89.5 MW.

As of 30 June 2021, the Group held equity interests in 67 grid-connected wind power and PV power plants with a total installed capacity of 3,346 MW (the same period in 2020: 3,251 MW) and an attributable installed capacity of 2,406 MW (the same period in 2020: 2,266 MW). Of these, 52 were wind power plants with an installed capacity of 3,142 MW (the same period in 2020: 2,918 MW) and an attributable installed capacity of 2,216 MW, and 15 were PV power plants with an installed capacity of 203 MW (the same period in 2020: 332 MW) and an attributable installed capacity of 190 MW.

As of 30 June 2021, the Group wholly owned 41 grid-connected wind power and PV power plants with a total installed capacity of 1,775 MW. Of these, 27 were wind power plants with an installed capacity of 1,592 MW and 14 were PV power plants with an installed capacity of 183 MW.

Attributable Installed Capacity of Power Plants（MW）

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**1H2021**	**1H2020**	**Change Rate**	**1H2021**	**1H2020**	**Change Rate**
Installed Wind Power Capacity	**2,216**	**1,952**	**13.5%**	**1,592**	**1,273**	**25.1%**
Installed PV Power Capacity	**190**	**314**	**-39.5%**	**183**	**303**	**-39.6%**
Total	**2,406**	**2,266**	**6.2%**	**1,775**	**1,576**	**12.6%**

ii. Optimization of Project Reserves and Significant Growth in PV Resources Reserves

While the targets of peak carbon dioxide emissions and carbon neutrality have brought about a larger market size, competition in the industry has also become more intense. The Group has been actively planning, relying on advantages such as its professional capabilities, industry synergies and regional distribution, to integrate resources, grasp the key points and concentrate on tackling key problems, and go all out to develop projects and continuously increase the Group's project reserves.

During the reporting period, the Group strengthened its resources development and management and accelerated the expansion of its resource reserves, entering into new contracts for a total of 2,100 MW of wind resources and a total of 5,290 MW of PV resources, of which the capacity of newly signed for PV resources increased by more than three times compared with the same period of previous year. Meanwhile, the Group launched effective investigation and dynamic management of resources to ensure the construction of subsequent projects and the sustainable development of the Group.

During the reporting period, the Group had 200MW newly approved (recorded) capacity, 2 projects in total, including 1 wind power project (100MW) and 1 PV project (100MW). Due to the lag in the introduction of construction plans and project application in various regions in the first half of the year, the Group closely tracked the introduction of policies in various regions, planned in advance and applied in a timely manner for the development and construction indicators of projects.

iii. Increased the Intensity on Project Financing and Effectively Reduced Finance Cost

In response to the financial policy of supporting the real economy, the Group actively seized the financing opportunity window, carried out financing replacement and debt maturity structure adjustment, and strived to increase the proportion of low-cost project financing. In the first half of 2021, financing and drawdown amounts for the Group's projects newly entered into reached a record high. In addition, the Group achieved a net increase in loan amount of RMB315 million through the replacement of financing for the existing power plants, further enhancing assets efficiency. The financing cost of new projects decreased, and the Group's consolidated financing cost of new projects was 5.32%, lower 0.28% compared with the same period of previous year.

During the reporting period, the Group actively expanded new financing channels and maintained good communication and cooperation with various financial institutions such as banks and financial leasing companies to enhance the diversity and flexibility of financing methods. Meanwhile, the Group strengthened the management for funds planning and deployment, and it coordinated the arrangement of funds to ensure the funds required for project construction.

During the reporting period, the construction of financing models, carbon finance systems and carbon emissions trading market around the value of carbon assets was also accelerated. The Group closely tracked the formulation of policies and the implementation of related measures, and actively carried out policy research and related preparatory work so as to enter the carbon market in a timely manner upon market opening and enhance economic returns.

(3) Continued Optimization of Asset Quality

The Group was determined to implement its development strategy of replacing subsidized projects with grid parity projects, pursuing the "build-transfer" strategy and continuously enhancing its assets management and assets optimization, with the quality of its assets greatly improved.

In the first half of 2021, the Group totally disposed of attributable installed capacity of 96.5MW with renewable energy subsidies in jointly-owned power plants and recovered a total of RMB358 million, effectively improving cash flow and assets structure, reducing financial risks and providing capital support for the Group's construction. The Group maintained long-term good communication and cooperation with state-owned enterprises such as Three Gorges Renewables* (三峽新能源), China Nuclear* (中核), State Power Investment* (國家電投), Zhuhai Port Risen* (珠海港昇) and Shanghai Shenneng* (上海申能), exploring diversified modes of cooperation to achieve mutual benefits and a win-win situation.

During the reporting period, the issuance of Green Electricity Certificate for grid parity projects was officially launched. The Group's three grid parity wind power projects in Jilin Province were successfully included in the first batch of Green Electricity Certificate issuance projects, which would further enhance the economic returns of grid parity projects and improve cash flow. The Group will continue to keep a close eye on the policy and continue to follow up on applications for and transactions of Green Electricity Certificate to enhance projects revenue.

The Group will insist on dynamic analysis of the economic efficiency of the existing power plants, strengthen the monitoring and analysis of cash flow and debt indicators, replace the existing power plants with renewable energy subsidies with new high-quality power plants, optimize the capital structure and improve the rate of return to shareholders to ensure the steady development of the Group.

(4) Renewable Energy Services Business

While focusing on its core power generation business, the Group also actively developed related business along the renewable energy industry chain, vigorously developing businesses such as intelligent operation and maintenance (O&M), engineering consultancy and design, and financial leasing. Meanwhile, the Group closely monitored the development trend of the industry and conducted extensive exploration and research on new businesses and technologies in the industry to seize new opportunities in the industry in a timely manner.

During the reporting period, the Group's renewable energy services businesses segments contributed income of RMB104,919,000 (the same period in 2020: RMB91,122,000) to the Group, representing a year-on-year increase of 15.1%.

i. Intelligent O&M Segment

The Group’s subsidiaries, Beijing Century Concord Operation and Maintenance Co., Ltd. (“Concord O&M”) and Beijing Power Concord Technology Development Co., Ltd. (“Power Concord”), jointly formed the intelligent O&M segment of the Group. Concord O&M and Power Concord deepened the synergetic development, vigorously exploring the intelligent O&M service model, improving the technological level of energy Internet of Things (IoT), expanding the business coverage and promoting the application of technology.

Concord O&M and Power Concord vigorously explored the intelligent O&M service model. On the foundation of the intelligent O&M platform POWER$^+$, EAM, mobile inspection terminal function complementation and data interoperability, Concord O&M and Power Concord created an all-in-one intelligent O&M model with online and offline combination of "data analysis-driven, expert diagnosis and solution support, in-depth O&M, and technical transformation and optimization" to achieve efficient management of the entire process of power plant operation in a digital and scientific manner, reducing operating costs, enhancing the operational efficiency of power plant assets. Leveraging the application of the intelligent O&M platform, the professional support of the technical service systems, the protection of safety and quality system and the interaction of three-tier management systems among headquarters + regions + power plants, the Group’s intelligent O&M service model of online and offline integration has been optimized gradually and the level of intelligent O&M service has continued to improve.

During the reporting period, the innovative achievement of "Construction and Promotion for Application of Intelligent O&M Platform for New Energy Power Plants" by Concord O&M was awarded the second-class achievement level of "Equipment Management and Technology Innovation Achievements in the Power Industry 2021* (2021電力行業設備管理與技術創新成果)" by China Equipment Management Association* (中國設備管理協會), demonstrating the industry's recognition of the Group's intelligent O&M technologies and services.

While leveraging on the accumulated O&M experience of the Group's power plants, Concord O&M and Power Concord vigorously expanded their external businesses, actively innovated business models and expanded business scope, resulting in significant year-on-year growth in market orders. In the first half of 2021, Concord O&M won O&M business contracts of 15 external power plants with a total capacity of 1.8 GW, serving customers including Wuling Power* (五凌電力), Jingtai (Yuanjing) * (景泰（遠景）), Guangdong Yudean* (粵電), Three Gorges* (三峽), China General Nuclear* (中廣核), Windey* (運達), Shuifa Group* (水發集團), Shenneng* (申能) and Sany Heavy Energy* (三一重能), etc. The share of external O&M capacity increased significantly. As of 30 June 2021, the O&M capacity of Concord O&M reached 8.6 GW. In addition to traditional O&M services, Concord O&M has also actively expanded businesses such as assets management, technical transformation, technical services, data services, spare parts sales, household PV and training services, etc. In the first half of 2021, Concord O&M entered into and won 34 new projects for technical transformation and technical services, data services, spare parts sales and training services. During the reporting period, Concord O&M undertook O&M, assets management, inspection and repair, wind turbine commissioning for 137 wind power and PV power plants, as well as 96 service contracts covering areas such as preventive testing, technical services, technical transformation and spare parts sales.

ii. Engineering Consultancy and Design Business

The Group's subsidiary Concord Power Consulting & Design (Beijing) Corp., Ltd. ("Design Company") continuously promoted design optimization and standardized construction, strengthened the full process control of projects, enhanced construction for organization and human resources, and continuously improved design concepts and service quality. While focusing on traditional areas such as design consultancy and EPC markets, Design Company also pain close attention to the development of the new energy market and actively explored new businesses that combine with new energy to enhance competitiveness in the market.

During the reporting period, Design Company completed a total of 259 technical service reports, 86 feasibility study reports, 11 microsite selection reports and a total of 15 preliminary designs, construction drawings designs and record drawing designs. Design Company increased business expansion, won the bid of shortlist for 7 frameworks in the first half of year. Design Company undertook the preparations for Harbin comprehensive energy base planning and Ulanhot modern energy economic development planning, won the bid of project of Beijing highway road area PV resources survey and planning services. Meanwhile, Design Company actively expanded new business, launched research for a variety of new energy innovative development models, and actively explored new energy hydrogen production, integration of wind, PV and hydrogen power and energy storage, clean heating, multi-energy complementary, gas power generation, power exchange plants, abandoned mine management, integrated energy development and other types of business models.

Design Company comprehensively improved its quality management level and launched design optimization and standardized construction, and it continued to improve its design concepts and standards. In the first half of 2021, Design Company once again received AA credit rating for enterprises in the power investigation and design industry. Meanwhile, as a member of the China Electric Power Planning & Engineering Association, Beijing Engineering Exploration and Design Association and Beijing Association of Engineering Consultings, Design Company actively fulfilled its duty as a member and played the role of a member supervisor of the Supervisory Board of China Electric Power Planning & Engineering Association to promote the development of the industry and the Association.

iii. Financial Leasing, Energy Storage and Other Businesses

Focusing on the renewable energy industry chain, the Group actively explored new business development models including finance leasing, energy storage, incremental distribution network, hydrogen energy and multi-energy interconnection. The Group's subsidiary Tianjin Green Energy International Leasing Co., Ltd. ("Leasing Company"), focused on serving the new energy industry, with wind power and PV industries as its entry point, and was based on providing financing services to small and medium-sized enterprises owners. At present, Leasing Company has provided financial leasing solutions for centralized and distributed projects for a number of enterprises owners, and it has also cooperated with financial institutions to carry out refinancing business.

The Group will continue to track industry policies and trends in renewable energy development, pay attention to technological development, strengthen its technological reserves, improve risk management, dynamically track the return on investment in new businesses, formulate investment strategies according to the maturity of business development and explore new business growth areas for the Group.

III. ENVIRONMENTAL PROTECTION, COMPLIANCE AND SOCIAL RESPONSIBILITY

In addition to financial performance, the Group believes that high standard of corporate social responsibility is of great significance in building a positive relationship between the enterprise and the society, and in achieving sustainable development and return for the Group. The Group integrates the philosophy of environment, society and governance into its strategic and operational practices, continues to strengthen environmental protection, fulfills its social responsibilities, and achieves sustainable development together with society.

(1) Ecological and Environmental Protection

While complying with national ecological and environmental protection laws and regulations, the Group has formulated its own environmental protection management system and working procedures. When managing the full life cycle of power plants, the Group focused on the investment and management in environmental protection, conservation of water and soil and biodiversity protection. Through various measures including ensuring allocation of funds, optimized designs, technique improvement, technology transform, supervision and inspection, intelligent operation, and education training of enhancing environmental standards and concept of environmental protection, the Group practiced energy conservation, emission reduction, ecological environment protection, and guarded the lucid waters and lush mountains while providing clean energy to protect the natural environment. As such, the Group has established a good image in local investment and development.

In the first half of 2021, the Group achieved the equivalent reduction of carbon dioxide, sulphur dioxide, and nitrogen oxide emissions and the saving of standard coal and water conservation from the electricity generated by the Group's invested wind power plants and PV power plants, as compared with those by conventional power plants. The reduction in pollutants positively contributed to the reduction in air pollution, greenhouse gas emission and haze.

Emission Reduction by Power Plants

Emissions Reduction Indicators	1H2021	Accumulated Amount
CO_2 (Kilotons)	3,045	37,779
SO_2 (tons)	732	25,432
NO_X (tons)	763	23,084
Standard Coal Saving (Kilotons)	1,199	13,863
Water Saving (Kilotons)	4,736	85,328

(2) Compliance

The Group regularly identifies laws and regulations relating to the Group's business, operations and employment, assesses their potential impacts on the Group and actively formulates corresponding measures. While strictly complying with the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the Construction Work Safety Management Regulations, the Work Safety Permit Regulations, the Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", "Social Insurance Law of the People's Republic of China" and other laws and regulations that have significant impact on the Group, the Group continuously improves its management and sustainable development capabilities.

The requirements for environmental protection and safe production for renewable energy power plants such as wind power and PV plants, which the Group invests in and operates, are relatively more demanding. The government has established supervisory and regulatory authorities and set up stringent monitoring and management procedures and implementation standards. With the accelerated development in fighting climate change and energy transformation, regulatory requirements have become even more stringent, bringing more challenges to the Group's business development and placing higher demands on the Group's power plant development, construction and operation capabilities.

The Group strictly complies with relevant laws and regulations in its business, operation and employment, by dynamically monitoring changes for timely adjustments and formulation of adaptive strategies. The Group has established a comprehensive safety and quality management system and a multi-level safety and quality management structure with hierarchical control. The life-cycle management of power plants focuses on the protection of the ecological environment, with a commitment to environmental protection in the process of development. The Group continuously improves design standards, and actively adopts new technologies, techniques and equipment to optimize the safety and power generation efficiency of power plants while reducing the potential impact on the environment. Meanwhile, the Group puts emphasis on protecting the legal rights and interests of its employees by securing the employees' rights and interests such as equal opportunity employment, career development and occupational health. It also adheres to the core value of people-orientation and promotes the common development of the Group and its employees.

During the reporting period, save as disclosed above, the Group has complied with the relevant standards, laws and regulations of our business, management and labour standards.

(3) Community Responsibilities

While focusing on the development of clean energy business, the Group pays close attention to the local livelihood and economic development, takes up the responsibility as a corporate citizen, dedicates participation in social welfare, and actively fulfills its social responsibilities to give back to the society.

The Group actively serves for local economic development, maintains close communication with local governments during project development, construction and operation, actively adopts reasonable suggestions from local governments and residents, and promotes the construction of local new energy industries through industrial support, capital and investment promotion, etc., to improve the local infrastructure, promote sound development of local economy, and enhance local people’s livelihood and well-being. In the first half of 2021, the Group reached a cooperation with Zhejiang Windey Co., Ltd.* (浙江運達風電股份有限公司) to invest in the construction of a wind turbine equipment manufacturing base in Harbin. After the project is completed, it is expected to generate annual tax revenue of more than RMB300 million. The Group actively fulfills its social responsibilities and assists on local poverty alleviation and economic development through consumption poverty alleviation, pairing poverty alleviation, and donations, etc. In the first half of 2021, the Group's Tibet Gyantse PV Project donated RMB1 million of poverty alleviation funds to the local government.

The Group has been keen on school-enterprise cooperation. We facilitate the educational advancement of renewable energy in China while promoting the development in local economy, culture, employment and environment. While relying on the project to provide internship and job opportunities, we carry out the recruitment of locals to facilitate local employment. The Group has entered into a donation agreement with the North China Electric Power University Education Foundation and set up a scholarship, with an annual investment of RMB0.33 million to subsidize and reward an accumulative number of total 1,295 outstanding students with excellent conduct and outstanding teachers. A modern apprenticeship system with cooperative development class was set up jointly with Ulanqab Vocational College and Hunan Polytechnic of Water Resources and Electric Power, with an aim to develop talents in local regions, provide employment channel and attract outstanding talents through the forms including “tailor-made class” and “hands-on learning class”. In the first half of 2021, a total of 143 students were provided with internship and job opportunities, while 100 students were provided with two-week hands-on learning opportunities.

(4) Customers and Suppliers Relationship

During the reporting period, the Group maintained a good relationship between customers and suppliers with no major dispute.

During the reporting period, the Group’s top five customers accounted for 70.2% of the Group’s total revenue, including 21.7% from State Grid Anhui Electric Power Co., Ltd., the largest customer.

During the reporting period, the Group’s top five suppliers accounted for 59.6% of the Group’s total procurement, including 19.7% from the largest supplier, Envision Energy Co., Ltd., which supplied wind turbine equipment for wind power projects invested by the Group.

IV. HUMAN RESOURCES

The Group always upholds its core values of “people-orientation, value creation, working for a better future and striving for excellence”. It protects the legal rights of its employees, pays attention to their career development, cares for their health and safety, and puts efforts in achieving the common development of the employees as well as the Group. The Group continuously optimizes its human resources management system based on the principle of coordinated strategy, organization, talents and incentives. The Group respects the value of talents, focuses on talent nurturing, seeks to develop their potentials and optimizes the incentive mechanism, fostering a human resources management system that is able to support the strategic implementation and organizational development of the Group.

As of 30 June 2021, the Group had 1,729 fulltime employees (31 December 2020: 1,619), 164 of whom worked at the Group’s headquarters, 328 in development, construction and production management, 1,078 in O&M, 58 in Energy IoT technology development and 101 in businesses such as design and leasing.

(1) Employees' Training and Development

The Group attaches great importance to the career development of its employees and focuses on talent nurturing while being committed to providing a development platform for all kinds of talents and formulates a series of plans for talent attraction, retention and training to build a team of high-quality employees with strong professional capabilities and excellent business skills. The Group continues to improve the top-level design of the employees' development and training system to provide them with a fair, diversified and effective career development path. Besides, the Group has established five major job systems, set up career development channels, and continuously improved the system of salary incentive and qualifications. In the first half of 2021, the Group improved and adjusted job qualification models and standards for 12 departments in its headquarters. The Group has continued to increase training efforts and management, and actively carried out research and analysis of training needs, training effects and satisfaction evaluation, and internal faculty construction and knowledge accumulation. Combining online + offline, internal + external training methods, the Group focused on the internal trainers training camp, "Joyful Reading" learning activity, field trip training for executives, orientation training for newcomers, functional and business professional knowledge training and other learning programs in the first half of the year. A total of 23 training sessions were organized at the group level in the first half of the year, with a year-on-year increase of 17.45% in the annual budget for training expenses.

The subsidiaries of the Group have also established their own personnel training system. Concord O&M adheres to the talent training principles of attracting, retaining, cultivating, and nurturing talents. It has carried out a series of talent training programs such as apprenticeship, beginning (啟程), sharpening (琢玉), blooming (綻放), appointment (點將), and sailing (揚帆), to cultivate cadres from the grassroots level and empower organizational talents as well as improve the technical level of employees, and enhance business efficiency through technical and academic competitions, etc.

Meanwhile, the Group took full advantage of the online training system by providing all employees through online cloud classroom with technical and management courses including professional technology, human resources, financial management, office informatization, corporate culture, laws and regulations, anti-fraud propaganda, etc., for employees to learn independently, and to fully meet the learning needs of employees of different categories and levels.

(2) Employees' Health and Safety

The Group attaches great importance to the occupational health and safety of employees, formulates occupational health and safety management requirements in accordance with relevant laws, regulations and industry standards, and conducts occupational health and safety education and training to ensure the safety and health of employees. The Group provides a series of safeguard measures to ensure the occupational health and safety of employees, including increasing investment for achieving safety, equipped with complete safety tools and safety protection supplies, providing a safe working environment, conducting regular health checkups, formulating emergency plans, and organizing safety education and technical training, occupational health training, etc. Meanwhile, safety education and trainings were increased. In order to improve the professionalism and technical level of safety management personnel, a centralized training activity for safety management personnel was carried out through "special training + ability assessment test + hands-on practice + benchmarking learning".

Meanwhile, under the normalized epidemic prevention and control, the Group has been working tirelessly. According to the changes in the epidemic situation, the Group will issue epidemic prevention reminders in a timely manner, broadcast the knowledge about epidemic prevention, and arrange nucleic acid test and vaccination for employees in an orderly manner. Vaccination is as accessible as possible. As of now, no COVID-19 cases occurred in the Group.

(3) Caring for Employees

The Group pays attention on caring for employees by actively carrying out diversified activities for employees, improving employee benefits and facilitating communication between employees to enhance their sense of belonging, and promote team cohesion with our excellent corporate culture. The Group provides care and assistance to employees with supplemental medical insurance, mutual aid fund, physical examination, holiday benefits, and other welfare. In the first half of 2021, the employees were subsidized with the Group's mutual aid fund of RMB58,000 to solve their difficulties. The Group also held various and diversified staff activities, such as Chinese New Year's greetings, condolences to female staff on 8 March (i.e., International Women's Day), fun events on 1 June (i.e. Children's Day), the shoulder and neck physiotherapy, and encouraged the continuous development of club activities such as the badminton club and the basketball team. The Group also pays attention to the improvement of working environment through replacing office seats, improving the air-conditioning system, and conducting safety inspections so as to provide employees with a comfortable and safe working environment.

V. FINANCIAL RESOURCES AND COMMITMENTS

As of 30 June 2021, the Group held cash and bank balances of approximately RMB1,777,056,000 (31 December 2020: RMB2,608,069,000). The net assets of the Group were RMB6,706,971,000 (31 December 2020: RMB6,494,502,000). The balance of bank and other borrowings of the Group was RMB7,487,973,000 (31 December 2020: RMB7,754,497,000). The liability-to-asset ratio was 66.61% (31 December 2020: 66.74%).

Pledge of Assets

As of 30 June 2021, the buildings and equipment of the Group were pledged to secure borrowings balance of RMB6,641,083,000 (31 December 2020: RMB6,557,058,000)

Contingent Liability

With effective from 27 June 2019, the subsidiaries of the Group provided joint liability guarantees for the debts of Daoxian Century Concord Wind Power Co., Ltd.*(道縣協合風力發電有限公司) ("Daoxian Century Concord") and Daoxian Jingtang Century Concord Wind Power Co., Ltd.*(道縣井塘協合風力發電有限公司) ("Daoxian Jingtang") under the lease contracts. As at 30 June 2021, the total principal debt's balances of Daoxian Century Concord and Daoxian Jingtang which the Group provided joint liability guarantees were RMB416,350,000.

Save as mentioned above, there was no material contingent liability of the Group as at 30 June 2021.

Commitments

As of 30 June 2021, the Group had capital expenditure contracted for but not provided for in the consolidated financial statements is RMB4,634,511,000 (31 December 2020: RMB2,441,692,000).

VI. RISK FACTORS AND RISK MANAGEMENT

The Group's business development is affected by risk factors including policies, market, climate, power curtailment, capital, exchange rates and COVID-19 epidemic.

The project development and construction as well as the revenue and profit of wind power and PV power generation industries are greatly affected by policy changes. With the improvement of electricity marketization, grid parity, competitive allocation, requirements for supporting energy storage facilities, and the expansion of ancillary service market, wind power and PV power enterprises are facing the risks of a decline in feed-in tariff and revenue. Under the goal of the carbon neutrality, more companies will flood into the new energy field, resulting in a more fierce competition between enterprises in terms of controlling resources, striving for grid-connected conditions and supply chain management. The curtailment of power is still under great pressure in the case of rapid development of wind power and PV power generation, and the safety risks created by climate change and extreme weather conditions on power plant production and personnel will adversely affect the power generation, revenue and profit of power plants. The investment in wind power and PV power plants has a relatively high demand for borrowings. Changes in national economic policies and other factors will cause changes in the level of market interest rates, resulting in a certain impact on the capital cost of the Group. The distribution of renewable energy subsidies will also affect the cash flow of the Group. The Group also engages in foreign investment and issues dollar bonds. Therefore, fluctuations in Renminbi exchange rate will result in foreign exchange losses or gains from the Group's operations in foreign currencies. Besides, the COVID-19 epidemic poses a significant number of uncertainties to the economic development and the normal corporate operation, which may lead to fluctuation in power demand and higher difficulty in supply chain management, and adversely affect the construction and operation of the Group's power plants, power generation and revenue.

In response to the risks mentioned above, the Group will formulate all sorts of countermeasures to reduce the risks according to the likelihood of occurrence of various risks. The Group will closely follow the direction of policies through prudent judgement of impacts on the policies and make plans in advance. The Group will continue to improve its development capabilities and optimize its deployment of projects by increasing development efforts in regions with no power curtailment. Meanwhile, the Group will actively communicate with the government authorities and electric power dispatch to networks and grids, expand consumption channels, and strive for favorable policies and space for generating power. The Group will improve the design standards, perform stringent safety management and control and strive to balance or reduce the impact of climate on the safety and efficiency of power plants. The Group will also strengthen asset management, optimize asset quality, and improve cash flow management while keeping up with economic policies and market dynamics, strengthening close cooperation with financial institutions, seizing financing support and striving to obtain financing at the lowest cost, to ensure that the continuous optimization of Group's financing costs and structure. The Group will adopt a number of measures to strengthen the management of risks related to exchange rate and effectively implement protective measures against risks associated with exchange rate. Furthermore, the Group will take epidemic prevention and control as part of its normal operations and adjust the prevention and control strategy according to the development of the epidemic situation to prevent and reduce the potential risks on the Group's business caused by imported COVID-19 cases and isolated cases occurring in China.

VII. PROSPECTS

At present, China's economy is continuing its trend of rapid recovery of growth and China is clearly ahead of other economies in terms of economic recovery. Market expectations for China's economy are steady and positive, with GDP growth generally expected to exceed 8% for the year, higher than the 6% target set by the Chinese government. The rapid growth of the economy and industrial production will drive the demand for power to rise rapidly. Since the beginning of this year, the China's overall electricity demand of the society has continued to grow rapidly, with some provinces experiencing tight power supply and staggered power consumption. The rapid growth of the economy and electricity demand will accelerate the green and low-carbon transformation of energy and the construction of new type of power system with new energy as the mainstay, promoting the rapid development of new energy industry.

Under the "30·60" dual carbon targets, China's new energy industry is set for rapid development in the next five years, with provinces (municipalities and autonomous regions) successively introducing Economic Development Plan, increasing the planning scale of renewable energy projects and actively promoting the development of wind power, PV power generation and other renewable energy. Under the new industry situation, the market size will be further expanded and competition in the industry will become increasingly fierce. However, the introduction and improvement of various favorable policies and measures in the industry will facilitate the rapid and long-term development of the renewable energy industry.

Under the new situation where industry opportunities and market competition coexist, the Group will fully leverage its core competitive advantages to achieve sustainable and healthy development. After 15 years of development, the Group has significantly improved the total quantity and quality of its assets, and has accumulated abundant human resources, financial resources, intangible assets and industry experience, resulting in better quality assets, stronger comprehensive strength and significantly enhanced risk resistance, and a solid foundation for sustainable development. With a flexible operating mechanism, efficient decision-making and strict control, the Group is able to respond quickly to market changes and make scientific operating decisions to control risks while seizing industry opportunities in a timely manner. The Group has sufficient project reserves and strong development and construction capabilities in the industry. It has obvious advantages in terms of resource reserves, professional capabilities and integrated costs, and is able to rely on its professional capabilities to ensure timely operation commencement and sustainable development of its projects.

In the second half of 2021, the Group will grasp the opportunities in the industry, focus on its main business of power generation, leverage its professional strengths and collaborate with the services businesses to achieve multi-faceted development of the Group. The Group will adopt a proactive development strategy, vigorously develop projects, accelerate the progress of project construction and operation commencement, adopt a "build - transfer" strategy, actively sell existing projects, replace projects of renewable energy subsidies with grid parity projects and replace less economical projects with projects of lower power costs, so as to improve the quality of the Group's overall assets and achieve the Group's sustainable and stable development. At the same time, the Group will vigorously develop its services businesses and increase its market expansion efforts, so as to fully leveraging strengths in multi-business synergy including power plants investment, intelligent O&M, engineering consultancy and design, and financial leasing to ensure the achievement of the Group's objectives and sustainable and healthy development.

In the second half of 2021, the Group will focus on the following：

i. Ensuring Safe Production and Guaranteeing Steady Growth in Power Generation Profit

The Group will continue to strengthen safety control, insist on safety first, ensure safe production of power plants, increase power generation and continuously improve power generation profit. The Group will strictly implement the safe production responsibility system and organize daily inspections, special inspections, fire and flood prevention, hidden danger investigation and closed-loop rectification to ensure the safe and stable operation of power plants. The Group are also making every effort to increase power generation and improve power plant profit by relying on intelligent operations, technical transformation, equipment management, refinement of production indicators and tracking and analysis. Meanwhile, the Group closely tracks the development of power trading and the spot market, conducts policy studies and plans ahead to ensure maximum benefits for power plants.

ii. Making Full Efforts to Push Forward Project Construction to Ensure Sustained Growth in Attributable Installed Capacity

During the year, the Group launched many projects with large construction capacity. The Group will continue to enhance its professional management level and push forward the construction of projects to ensure the progress of project construction and the achievement of the annual production target. The Group will continue to improve the level of project planning management, strengthen overall planning and coordination for projects, enhance the control of project nodes, and finalize project construction and equipment supply plans. The Group will continue to improve the level of project safety and quality management and ensure project quality by optimizing design, strengthening supervision, strictly monitoring manufacture, enhancing inspection and implementing rectification. At the same time, the Group will further enhance the environmental protection and soil and water conservation work of projects and strictly implement the "three simultaneous" requirements to achieve green and sustainable development. The Group will continue to exercise strict cost control, improve design concepts, optimize technical solutions and construction organization to effectively control the construction costs of new projects.

iii. Innovating Development Model and Leading the Group's Sustainable Development

The Group will continue to give full play to its strengths in projects development, innovate the development model, improve the regional layout, formulate development strategies according to local conditions and in a scientific and flexible manner, make full efforts to capture market share and increase the reserve of quality projects. The Group will strive to obtain construction indicators for conventional projects , actively plan and lay out demonstration projects and base projects and strive for large projects; vigorously develop PV projects, actively develop various forms of integrated resources development projects such as fishery and PV complementary, agriculture and PV complementary and forest and PV complementary projects. At the same time, the Group will pay close attention to the reasonable utilization rate of new energy resources in each provincial administrative region, the grid-connected consumption situation and forecast and analysis, as well as the development strategies of competitors, so as to dynamically adjust the project revenue estimation model and select projects with good economic efficiency and strong risk resistance for development from the development stage.

iv. Upholding the Principle of "Lowest Levelized Cost of Energy" to Enhance the Group's Competitive Edge

The Group will continue to implement the "lowest levelized cost of energy"(LCOE) strategy, continuously lower the LCOE, build awareness of total cost management, strengthen process control, enhance the quality of power plant assets and operational efficiency, and strengthen the Group's core competitiveness in the era of competitive bidding and grid parity. The Group will enhance safety production, actively carry out technical transformation and equipment management to increase power generation; improve intelligent O&M and refined management of power plants by relying on IoT technology and POWER^{+}; pay attention to the price trend of wind turbines and equipment and optimize tendering strategies and technical solutions; optimize procurement strategies and accelerate construction progress by optimizing design, applying new models, materials, technologies and techniques to effectively reduce the construction cost of new projects. At the same time, the Group will pay close attention to the development of power trading and spot market in various provinces, study and learn about the power trading policy deeply, and make good plans to improve the economic returns of the projects.

v. Continuing to Optimize Asset Quality

The Group will continue to dynamically measure the investment returns of projects, implement the "build-transfer" strategy and increase the replacement of power plants assets with renewable energy subsidy and low capital returns. At the same time, the Group will accelerate the construction progress of grid parity projects, tighten the refined management of power plants and control capital costs; improve the efficiency of grid parity projects through technological innovation, intelligent operation, technical transformation, equipment management and innovative financing; optimize the assets structure and cash flow structure to improve asset quality and investment returns.

vi. Vigorously Developing Service Business and Enhancing Service Business Brand

The Group will vigorously develop service business, strengthen the external business development capabilities of its service business subsidiaries, increase its business scale and intangible assets, and build an influential service business brand in the industry. The Group will continue to enhance the level of intelligent O&M, accelerate the application of energy IoT technology, improve intelligent O&M services and products, and enhance the value and technological attributes of service business through digital and intelligent means. At the same time, the Group will continue to improve the standard of design and the quality of services, actively explore the financial leasing business, innovate development strategies in accordance with the development situation, and promote the synergistic development of design, financial leasing, intelligent O&M and other service businesses with financing.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2021, the Board has reviewed the Group's corporate governance code 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 2020 annual report of the Company issued in April 2021.

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 always complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, Mr. Yap Fat Suan, Henry, Ms. Huang Jian and Mr. Zhang Zhong. 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 2021 have been reviewed by the Audit Committee.

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

Hong Kong, 4 August 2021

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Gui Kai (Chief Executive Officer), Mr. Niu Wenhui, Mr. Zhai Feng and Ms. Shang Jia (all of above are executive Directors), Mr. Wang Feng (who is a non-executive Director) and Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).