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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Board") of Concord New Energy Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018. The consolidated results have been reviewed by the Company's audit committee.

∗ *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019**	2018
		RMB'000	*RMB'000*
Revenue	*3*	**1,835,922**	1,414,070
Cost of sales and services rendered		**(714,842)**	(547,600)
Gross profit		**1,121,080**	866,470
Other income		**31,669**	30,678
Other gains and losses, net	*4*	**104,886**	47,140
Impairment losses, under expected credit loss model, net of reversal	*5*	**(40,560)**	(17,443)
Distribution and selling expenses		**(11,695)**	(6,854)
Administrative expenses		**(287,160)**	(235,414)
Other expenses		**(35,500)**	-
Finance costs	*6*	**(384,809)**	(301,210)
Share of profit of joint ventures, net		**136,889**	130,179
Share of profit of associates, net		**17,406**	16,594
Profit before income tax		**652,206**	530,140
Income tax expense	*7*	**(39,087)**	(16,291)
Profit for the year		**613,119**	513,849
Profit for the year attributable to:			
Owners of the Company		**604,293**	502,406
Non-controlling interests		**8,826**	11,443
		613,119	513,849
Earnings per share attributable to owners of the Company during the year		***RMB cents***	*RMB cents*
Basic earnings per share	*8(a)*	**7.22**	5.88
Diluted earnings per share	*8(b)*	**6.86**	5.87

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	RMB'000	*RMB'000*
Profit for the year	**613,119**	513,849
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(4,086)**	(9,861)
Other comprehensive expense for the year, net of tax	**(4,086)**	(9,861)
Total comprehensive income for the year	**609,033**	503,988
Total comprehensive income attributable to:		
Owners of the Company	**602,258**	492,394
Non-controlling interests	**6,775**	11,594
	609,033	503,988

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019	2018
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**9,222,240**	10,297,106
Right-of-use assets		**548,816**	-
Land use rights		**-**	432,424
Intangible assets		**904,814**	1,004,289
Interests in associates		**472,072**	317,699
Interests in joint ventures		**1,659,770**	1,532,872
Financial assets at fair value through profit or loss		**34,845**	8,545
Contract assets	*11*	**697,545**	298,404
Trade and bill receivables	*12*	**28,796**	18,482
Prepayments, deposits and other receivables		**1,175,437**	846,029
Finance lease receivables		**13,578**	53,628
Loan receivables		**69,571**	-
Deferred tax assets		**40,686**	36,898
		14,868,170	14,846,376
Current assets			
Inventories		**12,958**	20,482
Contract assets	*11*	**594,913**	689,080
Trade and bill receivables	*12*	**612,547**	714,746
Prepayments, deposits and other receivables		**534,659**	685,529
Finance lease receivables		**4,276**	8,327
Loan receivables		**14,476**	-
Amounts due from associates		**39,134**	20,913
Amounts due from joint ventures		**42,255**	61,050
Cash and cash equivalents		**1,462,082**	1,353,613
Restricted deposits		**143,046**	12,692
		3,460,346	3,566,432
Assets classified as held for sale	*10*	**1,563,921**	-
		5,024,267	3,566,432
Total assets		**19,892,437**	18,412,808
LIABILITIES			
Non-current liabilities			
Bank borrowings		**2,821,165**	3,751,233
Other borrowings		**4,349,758**	2,587,324
Senior notes and bonds payable		**1,392,941**	1,463,162
Convertible loan		**418,232**	200,825
Lease liabilities		**81,205**	-
Deferred tax liabilities		**12,390**	13,577
Deferred government grants		**15,643**	23,273
Payables for construction in progress, other payables and accruals		**489,799**	1,362,746
Financial guarantee contract liabilities		**33,808**	-
		9,614,941	9,402,140

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AS AT 31 DECEMBER 2019

	Note	**2019** **RMB'000**	2018 RMB'000
Current liabilities			
Trade and bill payables	*13*	**1,081,632**	999,809
Payables for construction in progress, other payables and accruals		**1,362,755**	1,458,157
Contract liabilities	*14*	**95,471**	61,492
Amounts due to associates		**-**	234
Amounts due to joint ventures		**53,943**	19,837
Bank borrowings		**506,364**	620,389
Other borrowings		**164,388**	102,931
Senior notes and bonds payable		**-**	199,519
Lease liabilities		**11,502**	-
Financial guarantee contract liabilities		**9,098**	-
Current income tax liabilities		**13,187**	1,561
		3,298,340	3,463,929
Liability associated with assets classified as held for sale	*10*	**1,009,955**	-
		4,308,295	3,463,929
Total liabilities		**13,923,236**	12,866,069
Net current assets		**715,972**	102,503
Total assets less current liabilities		**15,584,142**	14,948,879
Net assets		**5,969,201**	5,546,739
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**73,652**	74,049
Reserves		**5,869,651**	5,444,179
		5,943,303	5,518,228
Non-controlling interests		**25,898**	28,511
Total equity		**5,969,201**	5,546,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are carried at fair value at the end of each reporting period.

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for HKFRS 16 which involved changes in accounting policy as described in the consolidated financial statements, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

2 Segment information

(a) 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 makers ("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 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 year ended 31 December 2019					
Segment revenue					
Sales to external customers*	**1,636,294**	**199,628**	**1,835,922**	**-**	**1,835,922**
Inter-segment sales	**-**	**321,148**	**321,148**	**(321,148)**	**-**
	1,636,294	**520,776**	**2,157,070**	**(321,148)**	**1,835,922**
Segment results	**949,187**	**11,240**	**960,427**		**960,427**
Unallocated other gains and losses, net					**64,326**
Unallocated income					**16,621**
Unallocated expenses					**(13,964)**
Finance income					**9,605**
Finance costs					**(384,809)**
Profit before income tax					**652,206**
Income tax expense					**(39,087)**
Profit for the year					**613,119**
At 31 December 2019					
Segment assets	**17,549,857**	**2,277,433**	**19,827,290**		**19,827,290**
Unallocated assets					**65,147**
Total assets					**19,892,437**
Segment liabilities	**(12,016,630)**	**(1,473,691)**	**(13,490,321)**		**(13,490,321)**
Unallocated liabilities					**(432,915)**
Total liabilities					**(13,923,236)**

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB1,254,404,000 and RMB381,890,000 respectively.*

	Power generation RMB'000	Others RMB'000	Segment Total RMB'000	Elimination RMB'000	Total RMB'000
For the year ended 31 December 2018					
Segment revenue					
Sales to external customers*	1,251,109	162,961	1,414,070	-	1,414,070
Inter-segment sales	-	177,229	177,229	(177,229)	-
	1,251,109	340,190	1,591,299	(177,229)	1,414,070
Segment results	781,016	12,781	793,797		793,797
Unallocated other gains and losses, net					29,697
Unallocated income					11,572
Unallocated expenses					(15,699)
Finance income					11,983
Finance costs					(301,210)
Profit before income tax					530,140
Income tax expense					(16,291)
Profit for the year					513,849
At 31 December 2018					
Segment assets	16,195,520	2,127,418	18,322,938		18,322,938
Unallocated assets					89,870
Total assets					18,412,808
Segment liabilities	(11,400,462)	(1,445,863)	(12,846,325)		(12,846,325)
Unallocated liabilities					(19,744)
Total liabilities					(12,866,069)

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB906,206,000 and RMB344,903,000 respectively.*

For the year ended 31 December 2019
Other segment information

	Power generation *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to non-current assets (including property ,plant and equipment and right-of-use assets)	**2,150,812**	**23,997**	**-**	**2,174,809**
Depreciation of property, plant and equipment	**445,798**	**19,715**	**-**	**465,513**
Amortisation of other intangible assets and depreciation of right-of-use assets	**35,794**	**4,628**	**319**	**40,741**
Share-based compensation	**17,664**	**2,301**	**65**	**20,030**
Interests in joint ventures and associates	**2,094,818**	**37,024**	**-**	**2,131,842**
Share of profit/(loss) of joint ventures and associates, net	**170,042**	**(15,747)**	**-**	**154,295**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Loss on disposal of property, plant and equipment, net	**605**	**4,672**	**-**	**5,277**
Impairment loss on contract assets	**6,970**	**-**	**-**	**6,970**
Impairment loss on trade receivables	**4,524**	**2,418**	**-**	**6,942**
Reversal of impairment loss on trade receivables	**-**	**(2,630)**	**-**	**(2,630)**
Impairment loss on other receivables	**13,540**	**15,929**	**-**	**29,469**
Impairment loss on amounts due from joint ventures	**-**	**2,502**	**-**	**2,502**
Reversal of impairment loss on amounts due from a joint venture	**-**	**(5,000)**	**-**	**(5,000)**
Impairment loss on amounts due from associates	**-**	**2,307**	**-**	**2,307**
Finance income	**(1,507)**	**(8,098)**	**-**	**(9,605)**
Finance costs	**376,635**	**8,174**	**-**	**384,809**
Income tax expense	**18,188**	**20,899**	**-**	**39,087**

For the year ended 31 December 2018
Other segment information

	Power generation *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to non-current assets (including property, plant and equipment and land use rights)	3,649,247	9,001	-	3,658,248
Depreciation of property, plant and equipment	339,006	15,606	-	354,612
Amortisation of other intangible assets and land use rights	15,834	4,645	319	20,798
Share-based compensation	209	27	309	545
Interests in joint ventures and associates	1,798,820	51,751	-	1,850,571
Share of profit/(loss) of joint ventures and associates, net	149,619	(2,846)	-	146,773
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Loss on disposal of property, plant and equipment, net	11,886	507	-	12,393
Impairment loss on trade receivables	-	11,906	-	11,906
Impairment loss on other receivables	3,977	1,560	-	5,537
Finance income	(3,261)	(8,722)	-	(11,983)
Finance costs	299,158	2,052	-	301,210
Income tax expense	13,323	2,968	-	16,291

(b) Geographical segments

The Group's operations are mainly located in the PRC and the remaining operations are located in the United States of America and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets (excluding deferred tax assets and financial assets) is presented based on the geographical location of the assets.

	Revenue		**Non-current assets**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**1,806,778**	1,382,822	**12,824,885**	13,563,562
Others	**29,144**	31,248	**975,434**	836,121
	1,835,922	1,414,070	**13,800,319**	14,399,683

(c) Information about major customers

Five (2018: Four) external customers individually contribute more than 10% of the total revenue of the Group. The revenue of these customers is summarised below:

	2019	2018
	RMB'000	*RMB'000*
Customer A	**300,462**	292,284
Customer B	**263,785**	162,178
Customer C	**241,082**	213,433
Customer D	**215,077**	170,245
Customer E	**211,412**	N/A*

Revenue from customers above are attributable to power generation segment.

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

3 Revenue

3.1 An analysis of the Group's revenue for the year ended 31 December 2019 is as follows:

	Power generation	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from contracts with customers:			
Sale of electricity:			
Basic electricity price	**956,356**	**-**	**956,356**
Renewable energy subsidy	**667,604**	**-**	**667,604**
Power plant operation and maintenance services	**-**	**120,637**	**120,637**
Engineering, procurement and construction	**-**	**29,114**	**29,114**
Provision of design services	**-**	**15,117**	**15,117**
Provision of technical and consultancy services	**-**	**14,885**	**14,885**
Provision of agency service on sale of equipment	**-**	**11,101**	**11,101**
Other revenue	**-**	**1,904**	**1,904**
	1,623,960	**192,758**	**1,816,718**
Finance lease income	**-**	**6,870**	**6,870**
Financing component interest income	**12,334**	**-**	**12,334**
	1,636,294	**199,628**	**1,835,922**

3.2 For the year ended 31 December 2018

	Power generation *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers:			
Sale of electricity:			
Basic electricity price	717,080	-	717,080
Renewable energy subsidy	529,095	-	529,095
Power plant operation and maintenance services	-	95,803	95,803
Engineering, procurement and construction	-	28,791	28,791
Provision of design services	-	14,296	14,296
Provision of technical and consultancy services	-	10,987	10,987
Provision of agency service on sale of equipment	-	7,403	7,403
Other revenue	-	1,664	1,664
	1,246,175	158,944	1,405,119
Finance lease income	-	4,017	4,017
Financing component interest income	4,934	-	4,934
	1,251,109	162,961	1,414,070

4 Other gains and losses, net

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

	2019 ***RMB'000***	2018 *RMB'000*
Gain on disposal/de-registration of subsidiaries and a joint venture , net	**79,414**	25,066
Fair value gains on financial assets at fair value through profit or loss	**15,072**	42,750
Fair value gains on derivative component of convertible loan	**21,085**	11,307
Loss on disposal of property, plant and equipment, net	**(5,277)**	(12,393)
Exchange (loss) /gain, net	**(2,791)**	204
Adjustment of sales proceed of prior year's disposal of subsidiaries	**-**	(17,970)
Others	**(2,617)**	(1,824)
	104,886	47,140

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

	2019 ***RMB'000***	2018 *RMB'000*
Impairment loss on contract assets	**(6,970)**	-
Impairment loss on trade receivables	**(6,942)**	(11,906)
Impairment loss on other receivables	**(29,469)**	(5,537)
Impairment loss on amounts due from associates	**(2,307)**	-
Impairment loss on amounts due from joint ventures	**(2,502)**	-
Reversal of impairment loss on trade receivables	**2,630**	-
Reversal of impairment loss on amounts due from a joint venture	**5,000**	-
	(40,560)	(17,443)

6 Finance costs

	2019	2018
	RMB'000	*RMB'000*
Interest expenses on:		
— Bank borrowings	**199,226**	214,439
— Other borrowings	**183,015**	90,137
— Senior notes and bonds payable	**130,331**	123,768
— Convertible loan	**34,022**	11,222
— Lease liabilities	**3,994**	-
	550,588	439,566
Less: Interest capitalised	**(165,779)**	(138,356)
	384,809	301,210

7 Income tax expense

	2019	2018
	RMB'000	*RMB'000*
Current tax		
— PRC corporate income tax	**45,012**	17,242
— PRC dividend withholding tax	**490**	1,070
Underprovision / (overprovision) in prior years:		
PRC corporate income tax	**6,208**	(8,056)
Deferred tax	**(12,623)**	6,035
	39,087	16,291

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB 604,293,000 (2018: RMB502,406,000) by the weighted average number of 8,365,771,000 (2018: 8,549,412,000) ordinary shares in issue during the year, 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 loans.

	2019	2018
Earnings:		
Earnings for the purpose of basic earnings per share *(RMB'000)*	**604,293**	502,406
Effective of dilutive potential ordinary shares:		
Adjustments on convertible loan*(RMB'000)*	**24,837**	15,328
Earnings for the purpose of diluted earnings per share*(RMB'000)*	**629,130**	517,734
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share*(thousands)*	**8,365,771**	8,549,412
Effect of dilutive potential ordinary shares:		
Share award scheme*(thousands)*	**45,381**	3,588
Convertible loan *(thousands)*	**758,883**	263,598
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(thousands)*	**9,170,035**	8,816,598

9 Dividend

	2019 *RMB'000*	2018 *RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2018 Final – HK$0.02(2017: HK$0.01) per share	**149,673**	73,154
	149,673	73,154

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2019 of HK$0.025 per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming general meeting. (2018: final dividend in respect of the year ended 31 December 2018 of HK$0.02 per ordinary share has been proposed by the directors of the company and approved by the shareholders at the general meeting held on 26 April 2019）.

10 Assets/liabilities classified as held for sale

On 20 September 2019, the Group entered into a letter of intent with Shanghai Shenneng New Energy Investment Co., Ltd, an independent third party to the Group, pursuant to which the Group has agreed to dispose its entire equity interest in three of its subsidiaries (the "Subsidiaries"). The principal activities of the subsidiaries are wind power plant operation.

The major classes of assets and liabilities of the subsidiaries as at 31 December 2019, which have been presented separately in the consolidated statement of financial position, are as follows:

	2019
	RMB'000
Property, plant and equipment	**1,160,921**
Right-of-use assets	**60,553**
Goodwill	**42,411**
Contract assets	**76,099**
Trade receivables	**74,045**
Prepayments, deposits and other receivables	**129,408**
Cash and cash equivalents	**20,484**
Assets classified as held for sale	**1,563,921**
Other borrowings	**547,200**
Bank borrowings	**400,453**
Trade payables	**238**
Other payables and accruals	**62,064**
Liability associated with assets classified as held for sale	**1,009,955**

11 Contract Assets

	2019	2018
	RMB'000	*RMB'000*
Tariff adjustment receivables	**867,605**	501,146
Retention money	**416,696**	453,555
Construction contracts	**15,127**	32,783
	1,299,428	987,484
Less: Impairment loss on contract assets	**(6,970)**	-
	1,292,458	987,484
Analysed for reporting purposes as:		
Current assets	**594,913**	689,080
Non-current assets	**697,545**	298,404
	1,292,458	987,484

12 Trade and bill receivables

	2019 *RMB'000*	2018 *RMB'000*
Trade receivables, at amortised cost	**202,975**	258,231
Tariff adjustment receivables, at amortised cost	**420,476**	356,179
Bill receivables, at FVTPL	**33,903**	130,724
	657,354	745,134
Less: Impairment loss on trade receivables	**(11,487)**	(11,906)
Impairment loss on tariff adjustment receivables	**(4,524)**	-
	641,343	733,228
Analysed for reporting purposes as :		
Current assets	**612,547**	714,746
Non-current assets	**28,796**	18,482
	641,343	733,228

The Group's credit terms granted to customers ranging from 30 to 180 days. For certain construction 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 contracts signed between the Group and customers.

An aging analysis of the trade receivables, net of allowance for doubtful debts, presented based on invoice date, is as follows:

	2019 *RMB'000*	2018 *RMB'000*
Within 3 months	**127,319**	162,972
3 to 6 months	**17,434**	12,451
6 to 12 months	**7,788**	13,555
1-2 years	**13,164**	32,511
Over 2 years	**25,783**	24,836
	191,488	246,325

An aging analysis of the tariff adjustment receivables, net of allowance for doubtful debts, based on the revenue recognition date, is as follows:

	2019 *RMB'000*	2018 *RMB'000*
Within 3 months	**57,306**	68,136
3 to 6 months	**55,266**	56,828
6 to 12 months	**136,476**	129,489
Over 1 year	**166,904**	101,726
	415,952	356,179

13 Trade and bill payables

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**946,651**	624,002
Bill payables	**134,981**	375,807
	1,081,632	999,809

An aging analysis of the trade payables, based on invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**120,979**	39,007
3 to 6 months	**12,012**	12,184
6 to 12 months	**375,320**	13,879
1-2 years	**55,806**	464,869
Over 2 years	**382,534**	94,063
	946,651	624,002

14 Contract Liabilities

	2019	2018
	RMB'000	*RMB'000*
Receipts in advance	**95,471**	60,116
Construction contracts	**-**	1,376
	95,471	61,492

15 Share capital

Ordinary shares issued of HK$0.01 each:

	No. of shares	**Nominal value**
	000's	*RMB'000*
As at 1 January 2019	8,550,585	74,049
Cancellation of ordinary shares(*Note*)	**(159,010)**	**(1,409)**
Issue of ordinary shares	**113,000**	**1,012**
As at 31 December 2019	**8,504,575**	**73,652**

Note:

During the current year, the Group repurchased a total of 147,170,000 ordinary shares of the Company from the market for a total consideration of RMB47,540,000. 159,010,000 ordinary shares of the Company with total par value of RMB1,409,000 were cancelled, the related costs of repurchase were RMB49,313,000 and the exceed of costs of repurchase over the par value of the shares of RMB47,904,000 was charged to share premium.

As at 31 December 2019, the Group had 26,030,000 shares repurchased but not cancelled (2018: 37,870,000 shares).

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In 2019, with the slowing global economic growth, external instabilities and uncertainties continued to aggravate.

China's wind and photovoltaic power entered the era of grid parity, and as for supply and demand of energy, more focus has been put on transformation and upgrade. While stepping up the structural capacity reduction for coal-fired power generation, China continuously optimized its energy structure by actively promoting the consumption of clean energy and strengthening the construction of energy transmission facilities, and the growth rate of installed capacity for coal-fired power has slowed down, contributing to the constant increase of installed capacity and power generation proportion of renewable energy such as wind and PV power while the development of wind and solar power generation has took a fast lane. Up to the end of 2019, the installed capacity of China's renewable power generation was 794 GW, representing a year-on-year increase of 9% and accounting for 39.5% of total installed capacity. As at the end of December, newly installed grid-connected wind power capacity in 2019 amounted to 25.74 GW with cumulative installed capacity amounted to 210 GW. Newly installed PV power capacity amounted to 30.11 GW, among which 17.91 GW were centralized PV power stations and 12.2 GW were distributed PV power projects. As at the end of December, the cumulative installed capacity of PV power generation amounted to 204 GW.

During the Year, the following characteristics were found in the operating environment of renewable energy of China:

(1) Policies for the Renewable Energy Industry were Basically in Place, Indicating Clear Prospects for Wind and PV Power Generation

During the Year, relevant policies in respect of China's wind and PV power generation including grid parity, competitive bidding, large-scale power plant bases, distributed wind power, distributed PV power and market-based power trading were promulgated and implemented. Through various protective measures including favorable prioritizing of grid parity construction projects, securing power generation priority and full-amount protective buyouts, lowering tariffs and fees for close-proximity direct-trading power transmission and distribution, promoting local power consumption and innovative financial supports, grid parity and competitive bidding have been implemented smoothly, demonstrating a bright future for wind and PV power generation. The first batch of 20.76 GW wind and PV power generation projects for grid parity in 2019 announced by the government were in orderly progress. The grid parity and competitive policies mechanisms and work procedures for wind and PV power have been perfected progressively. Meanwhile, the continued structure reforms of energy supply and reduction of coal-fired power generation were further reinforced, with a coal-fired power generation capacity reduction target set at a total 8.664 GW for 2019. The pilot program for the regional integration of coal-fired power has being launched to reduce coal-fired power generation from state owned enterprises capacity by 1/4 to 1/3 by the end of 2021, making room for the development of renewable energy.

(2) Easing of Wind and PV Power Curtailment and Continuous Improvement of Renewable Energy Consumption and Utilization Level

During the Year, more focus was placed on the transformation and upgrading of China's energy supply and demand, while curtailment and consumption of renewable energy continued to improve. The National Development and Reform Commission ("NDRC") and the National Energy Administration ("NEA") jointly issued "Notice on Establishing and Improving the Protective Mechanism of Renewable Energy Power Consumption" (Fa Gai Neng Yuan [2019] No. 807) (《關於建立健全可再生能源電力消納保障機制的通知》) which laid out the responsibilities of renewable energy consumption according to the level of provincial administration, guiding the market behavior from the demand side of electricity consumption, with a view to promoting the transformation of energy consumption to green energy and securing the consumption of renewable energy. Meanwhile, construction of power grids continued to gain momentum, with relatively higher growth rates for inter-regional and inter-provincial power transmission and improvements in the ability of renewable energy deployments.

In 2019, the national average utilization hours of wind power reached 2,082, representing a year-on-year decrease of 13 hours, and the national average utilization hours of PV power reached 1,169, representing a year-on-year increase of 54 hours. The national average wind power curtailment rate was 4% and the average PV power curtailment was 2%, both demonstrating year-on-year declines. The national inter-regional and inter-provincial power transmission recorded the totals of 540,500 GWh and 1,444,000 GWh respectively, representing growth rates of 12.2% and 11.4% respectively.

(3) Accelerated Pace of Advancement in Renewable Energy Technology and Continuous Lowering of PV Power Generation Costs

Following the large-scale development and application of new energy, China has made remarkable progress in renewable energy technologies. Firstly, the rapid uplifting of technical knowhow for critical components of equipment which facilitated the continuing improvement of the capabilities and dependability of equipment. Secondly, with the rapidly increasing new energy production capacity and gradual expansion of market share, as well as the continuous development of products that can adapt to limited resources and withstand harsh environments, the conversion efficiencies of wind turbines and PV modules enhanced significantly to lower the power generation costs, as a consequence of increased capacity of single turbine, upgrading of wind turbines and photovoltaic modules' design and manufacturing process.

During the Year, there was a rush of hastened installation of onshore wind power facilities which contributed to a bottleneck in the delivery capabilities of wind power equipment and a continuous hike of wind turbine prices. While the costs of wind power construction has increased in the short run, it will eventually decrease in the long run driven by technological advancement. The overall prices of PV modules, crystalline silicon wafers and other parts display a consistent downward trend as a result of generations of technical and equipment upgrades, demonstrating a distinct downward trend for the cost of PV power generation.

(4) Continuous Promotion of Power System Reform and the Progressive Optimization of the Market-Trading Mechanism in Electricity

In 2019, the promotion of power system reform continued. The technical system for regional frequency modulation ancillary service market in China's first spot market for power trading was put into trial run. With continuous optimization of power tariff marketization mechanism, the benchmarked feed-in tariffs for newly built on-shore and off-shore wind power were revised as guiding tariffs, the on-going benchmarked tariff for feed-in coal-fired power generation was revised to a market price mechanism comprising "a benchmarked tariff +/- fluctuation". The NDRC and the NEA have successively promulgated a series of policies by promoting incremental power distribution business reform, fully liberalizing the power generation and utilization plan for commercial electricity users, deepening the trial sites of spot market for power trading, strengthening the supervision of medium- and long-term power trading , stabilizing the tariff subsidies mechanism for renewable energy power generation and the tariff mechanism for inter-provincial and inter-regional power transmissions, optimizing the power tariff mechanism for ancillary service, and other measures to accelerate the marketization reform of power tariff, liberalize competitive power tariff orderly and enhance the marketization of the power market transactions. In 2019, the amount of electricity traded in the national power market reached 2.8344 trillion kWh, accounting for 39% of China's total electricity consumption.

(5) Slight Improvement of Financing Environment and Effective Tax Reduction Policies

During the Year, the Chinese government increased its efforts to improve the business environment, facilitate smooth accesses to financing channels and reduce financing costs for enterprises. Prudent monetary policies were implemented consistently, as demonstrated by the People's Bank of China's insistence on serving the real economy with financial services, three rounds of deposit reserve ratio cuts, the announcement of Loan Prime Rate ("LPR") in August which as a step to optimize the loan market quoting mechanism, and break the implicit lower limit of loan interest rate, promoting lower financing costs for enterprises. Tax reduction and fees reduction policies were further strengthened, with the Ministry of Finance lowering the original applicable VAT from 16% to 13% on 1 April, increased the corporate income as benchmarked power tariffs (tax inclusive) are fixed.

II. BUSINESS REVIEW

In 2019, by proactively responded to external changes, the Group succeeded in implementing strategic adjustment and successfully entered the era of grid parity, demonstrating steady growth in various business segments and substantial increase in the Group's profit. On the principal business of power generation, the Group increased its investment in technical transformation of power plants, fully implemented intelligent operation management, so that the quality and efficiency of power plant asset further increased; enhanced development in grid parity and photovoltaic projects, and delivered remarkable results in its reserves of resources and approved projects; further optimized asset's structure and innovated financing model, lowering the reliance on renewable energy subsidies and the asset quality of the Group effectively improved . In addition, service businesses such as Energy Internet of Things ("IoT"), intelligent O&M, design and consultancy, energy storage and financial leasing progressed rapidly.

In 2019, the Group materialized a total income of RMB1,835,922 ,000 (2018: RMB1,414,070,000), accounting for 29.8% increase over the same period of last year. Profit attributable to equity holders of the Group amounted to RMB604,293,000 (2018: RMB502,406,000), representing 20.3% increase over the same period of last year. The basic earnings per share were RMB7.22 cents (2018: RMB5.88 cents); and the fully diluted earnings per share amounted to RMB6.86 cents (2018: RMB5.87 cents).

As of 31 December 2019, the net assets of the Group amounted to RMB5,969,201,000 (31 December 2018: RMB5,546,739,000) and its net assets per share was RMB0.70 (31 December 2018: RMB0.65).

(1) Safe Production with Stability and Reliability, and Steady Growth of Power Generation Business

i. Notable Increase in Attributable Power Generation and Continuous Enhancement of Power Plants Efficiency

During the Year, the Group's attributable power generation notably increased, representing 20.1% increase over the same period of last year, of which the power generation of wholly-owned power plants increased 31.8% over the same period of last year. In 2019, benefiting from improvement of asset quality of current power plants as well as scale expansion of power plants, the Group's attributable wind power generation still maintained a growth rate of 21.5%, of which power generation by wholly-owned power plants increased 36.6%, despite substantial decrease of resources in the Southern regions. Benefiting from the increase of photovoltaic resources and the drop of PV power curtailment rate in the Tibet region, attributable PV power generation increased substantially by 10.6% over the same period of last year, of which power generation by wholly-owned power plants rose by 11.0%.

Total Attributable Power Generation Output (GWh)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**2019**	**2018**	**Change Rate**	**2019**	**2018**	**Change Rate**
Wind Power Generation	**3,872.8**	**3,187.9**	**21.5%**	**2,548.0**	**1,865.4**	**36.6%**
Including:						
Northeastern China	351.5	338.9	3.7%	1.7	-	-
Northern China	431.8	438.6	-1.6%	-	-	-
Northwestern China	145.4	141.1	3.0%	-	-	-
Eastern China	729.8	567.4	28.6%	519.0	323.4	60.5%
Central Southern China	1,995.2	1,507.5	32.4%	1,808.3	1,347.6	34.2%
Southwestern China	219.0	194.5	12.6%	219.0	194.5	12.6%
PV Power Generation	**495.3**	**447.9**	**10.6%**	**477.7**	**430.5**	**11.0%**
Including:						
Northeastern China	0.8	-	-	0.8	-	-
Northern China	44.4	43.3	2.5%	32.0	31.0	3.2%
Northwestern China	13.1	12.5	4.8%	13.1	12.5	4.8%
Eastern China	60.3	59.4	1.5%	55.0	54.4	1.1%
Southwestern China	355.4	311.6	14.1%	355.4	311.6	14.1%
Overseas Regions	21.4	21.0	1.9%	21.4	21.0	1.9%
Total	**4,368.1**	**3,635.8**	**20.1%**	**3,025.7**	**2,296.0**	**31.8%**

ii. Equivalent Utilization Hours of Power Remained at Relatively High Level, Wind and PV Power Curtailment Rate Reduced Significantly

In 2019, there was a decrease of wind resources and a year-on-year drop of the national wind power equivalent utilization hours. The weighted average utilization hours of the Group's invested wind power plants were substantially consistent with those of the same period of last year, reaching 2,126, higher than the national average level (2,082 hours), of which the weighted average utilization hours of wholly-owned wind power plants reached 2,277. The weighted average utilization hours of the Group's invested PV power plants was 1,517, similarly higher than the national average level (1,169 hours), representing 10.0% growth over the same period of last year, of which the weighted average utilization hours of wholly-owned PV power plants reached 1,505, representing 11.0% growth over the same period of last year.

Weighted Average Utilization Hours of Power Plants (Hour)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**2019**	**2018**	**Change Rate**	**2019**	**2018**	**Change Rate**
Average Utilization Hours of Wind Power Plants	**2,126**	**2,148**	**-1.0%**	**2,277**	**2,288**	**-0.5%**
Average Utilization Hours of PV Power Plants	**1,517**	**1,379**	**10.0%**	**1,505**	**1,356**	**11.0%**

During the Year, the average wind power curtailment rate of the Group's invested wind power plants was 3.1%, with improvement in the wind power curtailment situation, which was lower than the national average (4%). Affected by the limited output channel during the flooding season, the use of temporary output transmission line for individual projects in southern regions, the curtailment rate of the wholly-owned wind power plants increased slightly to 1.3%. The average curtailment rate of the Group's invested PV power plants was 7.0%, representing a decrease of 43.5% over the same period of last year, of which the PV power curtailment rate of the wholly-owned PV power plants also decreased by 44.1%, mainly benefiting from significant fall of curtailment rate of the projects in Tibet.

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

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**2019**	**2018**	**Change Rate**	**2019**	**2018**	**Change Rate**
Wind Power Curtailment Rate	**3.1%**	**4.0%**	**-22.5%**	**1.3%**	**0.1%**	**-**
PV Power Curtailment Rate	**7.0%**	**12.4%**	**-43.5%**	**7.6%**	**13.6%**	**-44.1%**

iii. Increased Investment in Technical Transformation of Power Plants and Continuous Improvement of Power Plants' Operational Efficiency

During the Year, the Group increased its investment in technical transformation of power plants, launching technical improvement projects such as extending the length of turbine blades and preventing accumulation of ice on blades, efficiently expanding power generation capacity, and reducing the loss due to shut down by ice accumulation; the four regional centralized monitoring and control centres of the Group were put into operation, which effectively saving the cost in O&M of the power plants; maintenance and analysis works on equipment were actively implemented, contributing to further enhancement of the reliability and power generation functionalities and constantly improved operational efficiency of the Group's power plants. At the same time, the Group continued to advance intelligent O&M of power plants, through application of centralized monitoring and control centres, POWER$^+$ system, intelligent inspection system ("Yixun") mobile terminal and Enterprise Asset Management ("EAM"), a centralized management with unattended or less-attended O&M model was realized in power plants, integrated online and offline intelligent energy management was fully promoted. The operational efficiency and level of intelligent operation of the Group's power plants were enhanced significantly.

In 2019, the availability of wind turbines in the Group's invested wind power plants was effectively improved, reaching 98.40%, of which the availability of wind turbines in its wholly-owned wind power plants was 98.81%. The availability of the PV power plants invested by the Group was 99.78% in which the availability of wholly-owned PV power plants was 99.74%.

Availability of Wind Turbines and PV Power Plants (%)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**2019**	**2018**	**Change Rate**	**2019**	**2018**	**Change Rate**
Availability of Wind Turbines	**98.40%**	**97.78%**	**0.62%**	**98.81%**	**98.30%**	**0.51%**
Availability of PV Power Plants	**99.78%**	**99.18%**	**0.60%**	**99.74%**	**99.03%**	**0.71%**

iv. Average Feed-in Tariffs of Wind Power remained at Relatively High Levels; Proportion of Traded Power Volume of Wholly-owned Projects Decreased

In 2019, affected by both the year-on-year increase in traded power volume, and the increasing on allocated expense of auxiliary services in certain regions, the weighted average feed-in tariff in the Group's invested wind power plants fell slightly, however power trading facilitated the consumption of renewable energy, reducing wind power curtailment.

In 2019, the weighted average feed-in tariff of wind power plants invested by the Group was RMB0.5499/kWh (including VAT) (2018: RMB0.5595/kWh) while the weighted average feed-in tariff of PV power projects was RMB0.9471/kWh (including VAT) (2018: RMB0.9446/kWh). Of those, the weighted average feed-in tariff of wind power plants wholly owned by the Group was RMB0.5800/kWh (including VAT) (2018: RMB0.5948/kWh) while the weighted average tariff (exclusive of subsidies) of wholly-owned wind power plants was RMB0.3635/kWh and the weighted average feed-in tariff of wholly-owned PV power plants was RMB0.9135/kWh (including VAT) (2018: RMB0.9073/kWh).

In 2019, traded power volume of the Group's wholly-owned power plants amounted to 318.59 GWh, accounting for 10.5% (2018: 256.21 GWh, accounting for 11.2%). Of those, traded wind power volume reached 175.29 GWh, accounting for 6.9% of wholly-owned wind power generation (2018: 121.55 GWh, accounting for 6.5%) and average reduction in wind power tariffs as compared with the approved benchmark feed-in tariff was RMB0.0143/kWh) (2018: reduction of RMB0.0145/kWh). Traded PV power volume amounted to 143.31 GWh, accounting for 30.0% of the wholly-owned PV power generation (2018: 134.66 GWh, accounting for 31.3%) and average reduction in PV power tariffs over the approved benchmark feed-in tariff was RMB0.0669/kWh (2018: reduction of RMB0.0837/kWh).

v. Ongoing Significant Increase in Income and Profit of Wholly-owned Power Plants

In 2019, the Group's wholly-owned power plants achieved a total income of RMB1,636,294,000, an increase of 30.8% over the same period of last year, accounting for 89.1% of the Group's revenue (2018 same period: 88.5%).

During the Year, the Group's wholly-owned power plants achieved a total net profit from power generation of RMB628,204,000, and the Group shared net profits totaling RMB170,042,000 from power generation business of its associates and joint ventures.

Revenue and Net Profit of Power Plants (RMB)

		2019	2018	Change Rate
Revenue of Wholly-owned Power Plants		**1,636,294,000**	**1,251,109,000**	**30.8%**
Including:	Wind Power	1,254,404,000	906,206,000	38.4%
	PV Power	381,890,000	344,903,000	10.7%
Net Profit of Wholly-owned Power Plants		**628,204,000**	**511,276,000**	**22.9%**
Including:	Wind Power	526,351,000	419,089,000	25.6%
	PV Power	101,853,000	92,187,000	10.5%
Net Profit of Jointly-owned Power Plants		**170,042,000**	**149,619,000**	**13.7%**
Including:	Wind Power	162,913,000	140,654,000	15.8%
	PV Power	7,129,000	8,965,000	-20.5%

vi. Safety Production of Power Plants was Generally Good with Security and Stability

During the Year, the Group consistently complied with the safety management policy of “safety first, prevention orientation and comprehensive management”, constructed a comprehensive safety management system with safety classification mechanism, designated safety responsibilities to various parties of the Group for the respective safety classes, strengthened the efforts in safety supervision and inspection and optimized the safety incentive and control mechanism, ensure the safety management and business operation were concurrently planned, deployed, reviewed, summarized and examined, achieving an orderly implementation of production safety management. In 2019, the Group conducted across-the-board regular safety inspections including holiday safety inspections, seasonal safety inspections, special safety inspection projects, comprehensive safety inspections; as well as top-down self-inspections by subsidiaries, spot checks by the business departments of the Group and safety supervision and inspections by externally appointed third parties, with strengthened efforts in the early monitoring of risks as well as identification and mitigation of potential hazards. In 2019, the Group also conducted safety management training, launched activities such as safety production month, fire-safety day, various safety education and training activities such as safety warning training. Through programs including theoretical training, knowledge competitions, emergency drills, emergency first aid training and OA safety corners, safety responsibility awareness of the employees have been strengthened and their safety knowledge and skills enriched.

During the Year, the power plants of the Group has maintained safe and stable production, with no serious personal injury nor fatal accident, as well as no equipment accident related to responsible parties, ensuring stable and reliable power supply and safety of personnel and properties.

(2) Power Plants’ Development and Construction

During the Year, the Group aggressively developed quality projects in the northern regions with better advantage in resources and stable profit. At the same time, it also consolidated its advantage in the southern regions with no power curtailment by continuously developing and constructing new energy projects. During the course of project construction, the Group actively promoted the use of new technologies and application of the latest wind turbines, and improved the construction processes. Through measures such as optimized designs, strict control of design change procedures, optimized procurement strategies, strengthened progress management of construction projects, the Group was able to control the overall budget of construction projects effectively, pursuing the lowest LCOE and enhanced the power plants’ competitiveness.

i. Stable Progress of Power Plants Construction and Continuous Growth of Installed Capacities

During the Year, the rush of hastened installation of wind power facilities caused by continuing decrease of subsidies contributed to a scarce supply of wind power equipment and a substantial increase of wind turbine prices. By adjusting construction strategy in a timely manner, coordinating resources from various parties and closely working together, the Group was successful in ensuring the growth of its attributable installed capacity. During the Year, the Group increased its asset allocation in grid parity power plant, enabling us to achieve the outstanding efficiency of commencing construction and operation within the same year.

For the Year, the total installed capacity of the Group’s invested power plants was 1,031 MW (2018: 1,068 MW), and the attributed installed capacity was 963 MW, 7 of which were wholly-owned, continued construction projects with installed capacity of 394 MW; 9 were new construction projects with installed capacity of 637 MW, with attributable installed capacity of 569 MW, including 6 grid parity projects of 448 MW. Project constructions were carried out normally according to the Group’s construction plan.

During the Year, the Group has put into operation a total of 7 new wind power plants, with a total installed capacity of 385.5 MW (2018: 471 MW) and attributable installed capacity of 317.7 MW (2018: 471 MW) , including 3 wholly-owned grid parity projects of 148.5 MW.

As at 31 December 2019, the Group owned equity interest of 78 grid-connected wind power and PV power plants with a total installed capacity of 3,446 MW (2018: 3,189 MW), and an attributable installed capacity of 2,394 MW. Among them, 59 were wind power plants with an installed capacity of 3,113 MW (2018: 2,857 MW) and an attributable installed capacity of 2,080 MW, and 19 were PV power plants with an installed capacity of 332 MW (2018: 332 MW), and an attributable capacity of 314 MW.

As at 31 December 2019, the Group had 43 wholly-owned grid-connected wind power and PV power plants with a total installed capacity of 1,672 MW. Among these, 26 were wind power plants with an installed capacity of 1,369 MW, and 17 were PV power plants with an installed capacity of 303 MW.

Attributable Installed Capacity（MW）

	The Group's Invested Power Plants			**The Group's Wholly-owned Power Plants**		
Business Segments and Regions	**2019**	**2018**	**Change Rate**	**2019**	**2018**	**Change Rate**
Installed Wind Power Capacity	**2,080**	**1,963**	**6.0%**	**1,369**	**1,308**	**4.6%**
Including：Northeastern China	310	162	91.4%	149	-	-
Northern China	219	186	17.7%	-	-	-
Northwestern China	103	103	0.0%	-	-	-
Eastern China	346	379	-8.7%	228	261	-12.6%
Central Southern China	1,022	1,053	-2.9%	912	967	-5.7%
Southwestern China	80	80	0.0%	80	80	0.0%
Installed PV Power Capacity	**314**	**314**	**0.0%**	**303**	**303**	**0.0%**
Including：Northeastern China	1	1	0.0%	1	1	0.0%
Northern China	26	26	0.0%	20	20	0.0%
Northwestern China	9	9	0.0%	9	9	0.0%
Eastern China	44	44	0.0%	40	40	0.0%
Southwestern China	215	215	0.0%	215	215	0.0%
Overseas Regions	18	18	0.0%	18	18	0.0%
Total	**2,394**	**2,277**	**5.1%**	**1,672**	**1,611**	**3.8%**

ii. Proactively Explored Quality Wind and PV Power Projects in the Northern Regions, Substantial Growth in the Capacity of Resources Reserve and Approved Projects

During the Year, there was relaxation of power curtailment in the northern regions, which has made room for further development and investment. Due to stringent ecological protection requirements, it was more difficult to launch construction projects in the Southern regions. The Group actively adjusted its development efforts by moving to the north, focusing on quality wind and PV power projects in northern regions, and proactively participated in acquiring grid parity and competitive bidding projects. It also innovated development strategies and models through active participation in strategic cooperation, and strived to extend its development scope including renewable energy such as hydrogen energy, offshore wind power, energy storage and distributed wind power. In 2019, the Group entered into new contracts in relation to wind resource of 4,998 MW and photovoltaic resource of 2,987 MW, safeguarding the construction and sustainable development of the Group's subsequent projects.

During the Year, the Group has added 19 newly approved projects (886 MW in total), including 17 wind power projects (741 MW in total) and 2 photovoltaic projects (145 MW in total). Among them, 10 projects (641 MW in total) are included in the First Batch of Wind Power and PV Power Generation Grid parity Projects for 2019. Other than the first batch of grid parity projects, the Group had 15 projects (457 MW in total) included in the projects related to the Wind Power Development and Construction Plan for 2019 published by the provinces.

The Group closely follows the development trend and innovative technologies of the renewable industry, adopts specialized development strategies and technologies, optimizes the location of anemometer towers, increases the representing area of anemometer towers, utilizes advanced equipment such as laser anemometer radars to continuously track and evaluate the wind resources, and selects wind and PV resources with the best economic benefits under the current technology and cost levels when deciding on competitive biddings and grid parity project participation.

iii. Gradual Enhancement of Assets Quality and Diversifying Financing Channel

During the Year, the Group continually brought the "build and transfer" strategy into practice, proactively practised diversified cooperation with financial institutions, safeguarded capital for the Group's development and enhanced the assets quality of the Group. In 2019, the Group disposed of 5 projects representing attributable installed capacity of 201 MW; among which 75% equity interest of 2 projects were disposed of to international clean energy fund, representing attributable installed capacity of 72 MW. While obtaining the capital for the Group's development and enhancing the assets quality of the Group, the structural optimization of the Group's recurrent business and new development businesses was promoted through industry funds. Moreover, the convertible loan withdrew by the Group from Goldman Sachs, and project financing from financial institutions, reassured successful construction and operation of the Group's projects.

(3) Other Businesses

During the Year, other business segments of the Group contributed RMB199,628,000 to the Group (2018: RMB162,961,000).

While focusing on its core power generation business, the Group also relied on its investments in the renewable energy industry to carry out some related business of renewable energy industry chain based on its main power generation business. In 2019, the Group continued to strengthen its development in aspects such as Energy IoT business, intelligent O&M, power plant design services, financial leasing as well as energy storage and made some achievements.

i. Research and Development of Energy Internet of Things Technology

During the Year, the Group's subsidiary Beijing Power Concord Technology Development Co., Ltd. ("Power Concord") increased its efforts in technology and product developments, and spared great efforts in expanding its external market and gradually increasing market competitiveness.

During the Year, the Group continued to optimize the development and operation of POWER^{+}, intelligent inspection system ("Yixun") and EAM system. In particular it optimized and enriched POWER^{+}3.0 mobile end functions, improved data collection solution and strengthened the application of big data, thoroughly integrated online intelligent monitoring and offline O&M by multi-functional data collection, centralized monitoring and control, production operation and maintenance, intelligent analysis, intelligent early warning and automated logbook. A service loop of data-driven new energy asset full lifecycle intelligent operation based on an asset management model which operates integrated energy services of power stations has been realized. Through technological means including safety management of power stations, application of intelligent O&M, intelligent early warning and intelligent inspection of power stations, a centralized management with unattended or less-attended O&M model was realized, and digitalized intelligent management over the asset's full lifecycle was achieved.

The data collector internally researched and developed by Power Concord and applied to the intelligent operation platform $POWER^+$ can collect and transmit data from any photovoltaic stations facilities, realizing data collection of software and hardware systems from all product lines, and reliable software operations. The new energy intelligent operation platform $POWER^+$ has been implemented in projects such as the Group's operation control centre, third party O&M management platforms; Currently, intelligent energy cloud platform $POWER^+$ has provided quality intelligent energy services to renewable energy power stations with capacity of over 7 GW in total.

ii. Professional Operation and Maintenance of Power Plants

During the Year, the Group's subsidiary Beijing Century Concord Operation and Maintenance Co., Ltd. ("Concord O&M") made considerable effort in developing intelligent operation by organizing a professional technical team of intelligent operation, promoting intelligent operation technology and improving the relevant platform, achieving a preliminary success in the informatization of O&M management. At the same time, it actively innovated new business models and explored new businesses. It started a new O&M model with comprehensive asset management, undertook the wind turbine delivery and commissioning business, and acquired the ability of third party wind turbine delivery and commissioning. In 2019, Concord O&M won the honorary title of "Chinese Management Innovation Advanced Entity" as a result of its outstanding performance and achievement in the innovation of production-study-research synergy and management philosophy. It also won the honorary title of "2018 Team Star of Operation & Maintenance" at the suppliers' meeting held by a client.

During the Year, the Beijing intelligent operation monitoring centre was formally put into operation, and regional control data was connected to Beijing. Concord O&M realized the operational model for headquarters' directorial deployment, regional control and inspection and maintenance through the Beijing monitoring centre + 4 regional monitoring and control centres + 6 regional testing and overhaul centres. Relying on the intelligent operational platforms such as "$POWER^+$"+"Yixun"+"Monitoring and Control Centres"+"EAM", Concord O&M continued to deepen promotion and application of intelligent operational model via three-tier interaction between headquarters + regions + power stations and gradually implemented a new energy operation mode combining the online "centralised monitoring and control, big data analysis, intelligent diagnosis and early warning and intelligent work order" with offline "safety professional standardised operation management, regional centralised maintenance, professional inspection testing and power plants management with unattended or less-attended O&M model".

During the Year, Concord O&M undertook service contracts with a total of 116 wind power and PV power plants (with a total of 6 GW) for the overall O&M, asset management, inspection and wind turbine delivery and commissioning services. It also signed 16 service contracts covering the areas such as preventive tests, technical renovation and overhaul as well as sales of spare parts.

iii. Engineering Consultancy and Design Business

During the Year, the Group's subsidiary Concord Power Consulting & Design (Beijing) Corp., Ltd. ("Design Company") actively expanded its business areas. In addition to intensive expansion of the traditional areas such as design consultancy markets and EPC markets, it also aggressively followed the development of hydrogen energy and explored markets including energy storage, natural gas power generation, CBM power generation, coal-to-electricity, wind power heating as well as wind power hydrogen production, and achieved a certain breakthroughs in these areas.

During the Year, the Design Company completed 337 technical service reports, 50 feasibility study reports, 25 microsite selection reports and a total of 37 preliminary designs, construction drawing designs and record drawings. 8 exterior design consultancy contracts were signed and it was selected as qualified vendor by 3 customers. Also, the Design Company was deeply involved in and completed the consultancy of numerous sizable projects, which covered hydrogen production, renewable energy consumption, clean heating, large-scale power base projects, grid parity projects and poverty alleviating projects, which brought preliminary advantage to its consultancy business. The Design Company has also compiled a report on the comparison and selection of semi-automatic control substations to promote unattended or less-attended operation mode of power stations. The Design Company paid attention to technical innovation and new business exploration at the same time, finished the first technical report related to hydrogen energy utilization and the first monograph report of wind power field's ancillary energy storage project, completed the draft of the 3-year new energy industrial plan in Harbin, participated in new businesses such as coal-to-electricity projects, CBM projects, clean heating, hydrogen production by renewable energy, pilot projects for distributed generation market transactions and wind energy storage, and continuously consolidating knowledge reserve and technical reserve over new business areas.

Simultaneously, the Design Company successfully passed the examination of Grade A qualification credit appraisal of the engineering advisory sector of China National Association of Engineering Consultants and formally received Grade A qualification credit rating in electricity industrial (Thermal Power, Hydropower, Nuclear Power, New Energy) consultancy, and was rated AA in corporate credit rating of China Electric Power Planning & Engineering Association. It also has passed the three standard systems certifications and the "High and New Tech Enterprises" qualification review. The Century Concord Wuhe Yinmahu Wind Power project it undertook won the first prize of the Beijing City Outstanding Engineering Geotechnical Survey & Design Award, which further enhanced the company's competitiveness in the external market.

iv. Financial Leasing, Energy Storage and Incremental Distribution Network Businesses

During the Year, the Group's subsidiary Tianjin Green Energy International Leasing Co., Ltd. ("Leasing Company") was active in its exploration of innovative businesses. It grasped new market opportunities, created a sound development system, and strengthened the construction and maintenance of the channel system. Meanwhile, it continued to enhance its capacity in construction and financing abilities, improve its risk management and control mechanisms and enhance its risk response capabilities. In 2019, Leasing Company signed 8 new financing lease contracts with 15 financing lease contracts being executed.

During the Year, the Group's Naidong high-altitude echelon-use energy storage project of power generation side in Tibet won the "Top 10 Models of Energy Storage Application and Innovation in 2019" award, representing the industry's recognition of the Group's strength in the construction and operation of power side energy storage projects. At the same time, Malta energy storage R&D project that the Group invested in the US were making progress as planned, with advancement of the demonstration project under way. Moreover, the Group participated in compilation of "Communication protocols between power conversion system and battery management system" and "Modbus monitoring protocols between three-phase power conversion system and supervising system". In 2019, the Group actively pursued the development and cooperation of user side energy storage projects and has reached preliminary agreements of cooperation intents with various enterprises to provide users with systematic energy solutions as an energy service provider. The Group will continue to focus on the development of energy storage technology and industry trends, actively explore business models in respect of energy storage service. By summarizing the construction and operation experience of energy storage projects, the Group will optimize the design of energy storage projects, improve the battery power capacity of energy storage projects, and enhance the operational level of energy storage projects.

During the Year, the preliminary substation design of Harbin Comprehensive Bonded Zone incremental distribution network project was completed. All the approvals required will be handled in an active and orderly manner and the project will continue to proceed as planned.

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, motivating its employees and achieving sustainable development and return for the Group.

(1) Environmental Protection

The Group is committed to making positive contributions to the Group, the environment and the communities, unswervingly developing clean energy and practicing energy conservation and emission reduction to protect the natural environment.

The Group specializes in the development and investment of renewable energy power projects such as wind power and PV power generation projects that focus on the investments and management in environmental protection, conservation of water and soil and biodiversity protection. Through measures such as increased investment, optimised designs, advanced technologies and intelligent operation as well as strict environmental standards and requirements in the full life cycle management of power plants, the Group strives to maintain sustainable and healthy development for the environment as well as for the human race, and commits to its responsibilities for improving the energy structure, mitigating air pollution and reducing greenhouse gas emission and haze. In 2019, part of the Group's operational power plants strengthened environmental protection via measures such as optimization of the sewage treatment system, addition and fixation of water barriers as well as drainage pipes. The "Three Simultaneities" system was strictly implemented in the course of project construction, and environmental impact was reduced through measures such as optimizing the design of water and soil conservation solution, expand the contracted area of water and soil conservation construction, tightening the standards of water and soil conservation, reducing the area of lifting platforms and using new construction techniques. Meanwhile, low-noise wind turbine was adopted, bird-repelling equipment was installed and bird-repelling colour ribbon was painted to prevent harms to the birds. The Group also adheres to the concept of green operation by reducing the emissions and discharge from administrative activities, promoting the ideas of conservation and environmental protection, and increasing the efficiency of resources and energy consumption.

At the same time, the Group also maintained exchange and communication with the local governments, actively participated in relevant activities and conferences on safety, environmental protection and fire safety organized by the local governments, and proactively promoted the relevant knowledge. Fire and flood prevention signs were also posted around the power plants to promote fire and flood prevention. While putting safety, environmental protection and fire-prevention under strict monitoring, the supervision of the environment surrounding the power plants were also strengthened.

During the Year, 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 contributed to the reduction in PM10 and PM2.5 emissions and haze.

Emission Reduction by Power Plants

Emissions Reduction Indicators	2019	Accumulated Amount
CO_2 (Kilotons)	4,978	29,528
SO_2 (tons)	1,643	23,426
NOX (tons)	1,580	20,992
Standard Coal Saving (Kilotons)	1,953	10,577
Water Saving (Kilotons)	7,899	72,349

(2) Compliance

During the Year, the Group has complied with the relevant standards, laws and regulations of our business, management and labour standards.

(3) Community Responsibility

The Group actively fulfilled its social responsibility. While focusing on the development of clean energy business, the Group was also committed to community welfare in order to reciprocate the society by various means.

i. Poverty Alleviation and Benevolent Contribution

The Group actively carries out poverty alleviation work in areas where its power plant investments have been made, through a combination of measures such as poverty alleviation projects, poverty alleviation through consumption to assist local poverty reduction and economic development. In 2019, the Group carried out poverty alleviation work in multiple provinces (autonomous regions) such as Heilongjiang, Jilin, Hebei, Anhui, Hunan, Hubei, Yunnan and Guangxi, contributing manpower, resources and finances to assist in local economic development and improvement of living standards for the local communities.

In 2019, our Tongyu wind power project in Jilin contributed machineries and personnel for a number of times to carry out poverty alleviation work such as village environment improvement, road repairs and renovation of dilapidated buildings in various poverty-stricken villages in Tongyu County, with a total investment of over RMB1.47 million. Our Yilan wind power project in Harbin provided help to the local farm by hardening the farm drainage, widening village roads and purchasing of local agricultural products, achieving targeted poverty eradication through “industry poverty alleviation” + “poverty alleviation through consumption”. Our Yongren PV project in Yunnan is our quick response to China’s “Ten Thousand Enterprises help Ten Thousand Villages” targeted poverty alleviation programme which supports the infrastructure construction and the education improvement in some impoverished villages. Over 600 temporary jobs are offered each year. Public benefit activities, employment recommendation and other methods have been adopted for overcoming poverty and achieving prosperity. The Group was awarded the “Model Enterprise of Chuxiong Prefecture” title by the United Front Department of the Party Central Committee of Chuxiong Yi Autonomous Prefecture in June 2019. The Haixing poverty alleviation PV project in Hebei provided assistance to poor families by contributing an annual poverty alleviation fund of RMB1.998 million. The Wuhe Jindashan wind power project in Anhui donated RMB500,000 to the local government to support the construction of public facilities and economic development in the district. The Dao County Shenzhangtang Wind Power Project in Hunan assisted the local government and community in road construction and maintenance by making a number of donations amounted to over RMB410,000. The second phase of the Xiangyang Yushan wind power project in Hubei donated RMB100,000 to various villages in Huanglong Township in to help Xiangyang in poverty alleviation. Our Xinzao wind power project in Fuchuan, Guangxi provided the government of Mailing Town, Fuchuan County a sponsorship of RMB49,000 as poverty alleviation fund. Fuchuan Century Concord Wind Power Co., Ltd. took an active role in poverty alleviation efforts, pairing with Luofeng Village of Fuli Township in Fuchuan Yao Autonomous County, and provided assistance by supplying temporary cadres to work at the village for the economic development of the village and increased income for the community.

ii. Education and Employment

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.

The Group has entered into a donation agreement with the North China Electric Power University Education Foundation and set up a scholarship. The Group provided assistance to 97 students in 2019, making an accumulative number of 1,274 student beneficiaries. The school-enterprise cooperative mode of training, launched jointly by the Group's O&M Company and a number of colleges and universities, proceeded smoothly. 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. As at the end of 2019, 79 students have joined the company's power plants for internship.

(4) Customers and Suppliers Relationship

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

During the Year, the Group's top five customers accounted for 67% of the Group's total sales, including 16% from State Grid Hunan Electric Power Co., Ltd., the largest customer.

During the Year, the Group's top five suppliers accounted for 72% of the Group's total procurement, including 22% from the largest supplier, Envision Energy (Jiangsu) 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, 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.

(1) Corporate Employees

During the Year, 4 centralized monitoring and control centres of the Group in Hunan, Hubei, Anhui and Tibet all came into operation. Through centralised monitoring and control, regional inspections and maintenance as well as continued optimization of the "POWER^{+}" system and EAM system, the Group launched an unattended or less-attended intelligent O&M model which has facilitated a centralised administration of power plants with highly efficient, economical and scientific management, significantly improving the efficiency of power plant O&M and the level of intelligent inspection and maintenance. With the improvement of the Group's intelligent operation which allows optimised allocation personnel, the number of employees has been reduced as compared with the end of the previous year.

As at 31 December 2019, the Group had 1,448 full-time employees (31 December 2018: 1,493), 160 of whom worked at the Group's headquarters, 338 in project development and management, 771 in O&M, 92 in Energy IoT technological development and 87 in businesses such as design and leasing.

(2) Employees' Development

Human resources make up the foundation of the Group's sustainable development. We have firmly established the belief in people-orientation, all-encompassing coordination and sustainable development. We respect and thank every employee for their hard work in the new energy business and strive to provide them with a good working environment and a broad development platform, with a view to achieving the common development of the employees and the enterprise by inciting positive energy, strengthening cohesiveness and building an organization of happiness.

The Group pays attention to the growth and development of its employees. In 2019, it commenced the design of job functions and remuneration system and set up a system of five major job functions, providing broad career development paths and promotion paths for different positions and individual capabilities, while constantly improving the recruitment qualifications system. Meanwhile, continuous efforts has been made to improve our internal talent mobility and incentive mechanism, enhance the pairing between employees and job functions, and reinforce the incentive and training of reserve talents. The Group also encourages its employees to obtain certificates of relevant professional qualification according to their career development needs and promotes the improvement of employees' professional competence and building the Group as a knowledge-based organization through test-driven learning. The Group has also made precise human resources planning through talent review and optimized the training of talent pipeline in order to provide the employees with a highly efficient path of career development, contributing to the constant elevation of the Group's organizational capabilities.

(3) Employees' Trainings

The Group is committed to establishing a learning organization and improving its talent nurturing mechanism by building a hierarchical and categorized talent incubation system. The Group has built and optimized the training system in various aspects, including training systems, training courses, instructors, and training assessments. Taking advantage of training channels such as online and offline courses, school-enterprise cooperation, learning groups as well as industry communications, different curricula are designed for the management, middle managers, reserve management cadres and new employees and technicians, and targeted training are carried out. The subsidiaries of the Group also established and optimized their own training systems and developed various trainings based on their respective development and business characteristics. A variety of trainings are conducted through various training channels to broaden the employees' knowledge and enhance their self-competence, in order to achieve developments of the employees as well as the company. Training designs and effectiveness are also improved through training evaluation. In addition, the Group focuses on building an internal team of part-time instructors, developing in-house training courses and providing employees with convenient conditions for the learning.

(4) Caring for Employees

The Group puts its value of "people-orientation" fully into practice and focuses on building good corporate culture. It provides employees with good compensations and benefits as well as development platform. Besides, it introduces to its employees a variety of caring measures including staff physical examinations, staff supplemental medical insurance, festival benefits, employee support and activities. Employees' mutual funds are also set up and employees' donations are coordinated to alleviate the difficulties of employees in need. In April 2019, an ex-employee of the Group initiated a personal fundraising campaign on an online donation platform for medical expenses. The Group and its employees made donations of over RMB105,000 in total, and visited and encouraged the ex-employee.

The Group promotes a positive, green and healthy work and lifestyle by establishing a corporate culture of dedication, cooperation, tolerance, high efficiency and coordination, in order to enhance team cohesiveness, employees' satisfaction and sense of belonging. In 2019, the Group organized a number of events on corporate culture, including billiards competitions, table tennis competitions, fun sports games, family activities on Children's |Day, theme activities titled "Celebrate the Mid-Autumn Festival with Gourmet Food and Reunion", health lectures, outreach activities, etc., and participated in the Tour de France and basketball competitions in the industry. Besides improving the employees' health conditions, these activities also facilitate employees' communication and enhance cohesiveness among them. The Group also continued to improve the office space and working environment with a view of improving office experience and corporate image. It focuses on fire safety management in the office space, striving to provide the employees with a safe, healthy and comfortable working environment.

(5) Safety and Health

The Group has always focused on securing the safety and occupational health of its employees and kept improving the management system of occupational safety and health in order to provide systematic and institutional protection to its employees.

While strengthening the foundation of safety management and perfecting the safety management system, the Group has also continuously enhanced staff's safety knowledge and awareness by reinforcing their safety trainings. Safety inspections are carried out on a daily, holiday, seasonal, special and comprehensive basis, and a third party professional institution is engaged to conduct a safety evaluation. In 2019, the Group also conducted the spring and autumn safety inspections and safety management trainings. In order to respond to the national theme of "safety production month", the Group organized a "safety production week", a series of events including themed symposiums, potential hazards investigation and control, emergency drills and early warning education. In addition to the above measures, the Group also fully implemented the management philosophy of "safety by everyone and safety for everyone" through activities such as the safety knowledge competition "Concord New Energy Cup" and first aid trainings, ensuring the employees' well-being in health and safety.

The Group takes employees' safety and health in work processes as its top priorities. It has strictly carried out a number of safety and health initiatives. Comprehensive safety protection gears and tools in compliance with power safety requirements have been provided by all power plants. Potential hazards and sources of danger have been inspected and reviewed periodically or as needed. Emergency response trainings, emergency drills and first aid simulation drills have been organized for on-site project staff. Employees have been organized to participate in safety and occupational skills qualification exams. Water purification equipment have been installed to improve the water quality and ensure the safety of drinking water for the employees of on-site projects.

V. Financial Resources and Commitments

As at 31 December 2019, the Group held cash and cash equivalents of approximately RMB1,605,128,000 (31 December 2018: RMB1,366,305,000). The net assets of the Group were RMB5,969,201,000 (31 December 2018: RMB5,546,739,000). The balance of bank and leasing loans of the Group was RMB7,841,675,000 (31 December 2018: RMB7,061,877,000). The gearing ratio was 69.99% (31 December 2018: 69.88%).

Pledge of Assets

As at 31 December 2019, the buildings and equipment of the Group were pledged to secure a loan balance of RMB5,251,063 ,000 (31 December 2018: RMB 3,503,839,000).

Contingent Liability

As at 31 December 2019, the Group had pledged its 49% equity interest in Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. ("Erlian") with the total registered capital of approximately RMB37,240,000 (31 December 2018: RMB37,240,000). The outstanding balance of the bank loan of Erlian as of 31 December 2019 was RMB19,731,000 (31 December 2018: RMB31,519,000).

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 31 December 2019, the total debts of Daoxian Century Concord and Daoxian Jingtang were RMB466,834,000.

Save as mentioned above, there was no material contingent liability of the Group as at 31 December 2019.

Commitments

As of 31 December 2019, the Group had capital commitments of RMB1,471,579,000 (31 December 2018: RMB1,283,819,000), which were not included in the financial statements. The amount included the capital committed to joint ventures and associates that was contracted but not provided of RMB nil (31 December 2018: RMB61,050,000) and the capital contracted by subsidiaries but unpaid for the payment for equipment purchased of RMB1,471,579,000 (31 December 2018: RMB1,222,769,000) by the subsidiaries.

VI. Risk Factors and Risk Management

Risks Associated with Policies

The profits of wind and PV power companies are to a great extent affected by changes of state and industrial policies. Following the issue and implementation of various policies on grid parity, the directions and policies of “cancellation of subsidies”, “market trading” and “grid parity” in the wind power and PV power generation industries have been clarified. Meanwhile, with the improvement on the power trading mechanism in the market, the scale of traded power volume continues to expand, the electricity price of commissioned plants is therefore subject to a downward adjustment risk. Renewable energy subsidy is granted in batches annually in accordance to the budget by the Ministry of Finance of the PRC. Projects already listed in the subsidy catalogue would be relatively secured from the recovery of unsettled amounts. However, projects that are not listed in the subsidy catalogue are facing the problem of arrears in subsidies. Following the implementation of Green Certificate trading, subsidies will be granted based on the condition of marketization instead of a fixed amount provided by the government, resulting in uncertainties in prices. So far, there were no relevant policies or implementation rules in this regard. As policies and regulatory requirements in relation to environmental protection are becoming more stringent, approval of projects are subject to the risk of extended review time. The Group will keep abreast of the policies’ directions, exercise sound judgement and prospectively predict any unfavorable circumstances, so that various measures will be designed to minimize the risks arising from the changes of policies.

Market Risk

Since the development of wind power and PV projects is subject to the resources and local grid transmission capacity in an area, competition among wind power and PV companies is fierce in areas with abundant resources and sufficient grid transmission capacity. With the national policies support on renewable energy sources including wind, solar, hydro energy, biomass, geothermal, marine energy and hydrogen, the development of other renewable energy power generation companies may also pose impact to the Group. In addition, supply chain management and bargaining power will also have a significant impact on the Group's project construction. In particular, changes in the prices of wind turbines and PV equipment will have a direct impact on the investment cost and return of projects, while the deliverability of the supply chain will have a direct impact on the construction progress. While closely keeping track of the policies regarding renewable energy sources in all regions, the Group will continue to increase its development capabilities and efforts, and strengthen its interchange and learning with counterparts in the industry. By maintaining market sensitivity, the Group will be able to respond to market changes proactively, and make effort to minimize the market risks.

Risks Associated with Climate

The volume of power generation is subject to seasonal fluctuation of wind and PV resources. This is the primary climatic risk faced by the wind power and PV power industries. Any unforeseen climate changes will have an impact on electricity production, revenue and operating results. In addition, extreme weather conditions such as typhoons, frosts, strong sandstorms, hazes, and lightning strikes will not only pose safety risks to wind power and PV power companies, but also will significantly reduce the production capacity of power plants, giving rise to an unfavorable impact on the power generation volume and thus the revenue of power plants.

The Group has already completed wind power and PV power generation projects in 17 provinces (cities and autonomous regions) which have been put into operation. In order to address the risks of annual climate changes, further actions will be taken to optimize project deployments and counteract the impact caused by climatic risks. In addition, the Company will increase its scientific research and improve design standards in areas such as turbine type selection and circuitry plans, fully assess the impact of climatic factors regarding safety and effectiveness of power plants and respond accordingly.

Risks Associated with Power Curtailment

Due to the uneven development levels of renewable energy power in different regions, the mismatch between the planning and construction of grid supporting facilitates and that of renewable energy power, as well as the low power load in certain regions, certain regions suffered from curtailment of wind power and PV power to varying extents.

Following the issuance of "Guarantee Mechanism of Renewable Energy Power Consumption" and the removal of wind power monitoring and alert in Jilin and Heilongjiang during the Year, the wind power and PV power grid curtailment was further reduced, demonstrating a favorable trend which will likely to sustain. The Group will continue to optimize project deployment, increase the development and construction in regions without power curtailment and step up the operating level of equipment and turbines by strengthening equipment management and technology application. With an aim to strive for a sound business environment, the Group will also pay active attention to industrial and policy changes and take advantage of government policies to counter the problem of power curtailment.

Capital Risk

The Group is principally engaged in the investment in wind power and PV power plants in the PRC, with relatively high demand for borrowings. The cost and amount of capital will have a direct impact on the Group's operations. With sound performance and credibility, a stable debt structure and diversified financing channels, the Group has consistently enjoyed financing interest rates that are lower than the average level of our peers. Meanwhile, the Group will continuously pay attention to the financing market, expand the financing channels, bring forth new financing models and optimize capital structure to secure the supply of capital.

Exchange Rate Risk

The Group's business is primarily based in mainland China with most of its revenue and expenses denominated in Renminbi. Besides, 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. In 2019, the overall RMB exchange rate was generally stable and exchange rate flexibility had increased significantly. The Group will pay active attention to the fluctuations of exchange rates, strengthen exchange rate risk management by various means and take effective measures to hedge the risks associated to exchange rate.

VII. Prospects

Looking ahead, under the backdrop of stagnant global economic growth and complicated external environment, exacerbated by the material impacts of Novel Coronavirus ("COVID-19") on a number of industries including transportation and logistics, the Chinese economy will be subject to constant downward pressure. However, as there are still many strong drivers contributing to the stable growth of the Chinese economy, the supply-side structural reform will be further strengthened, with positive fiscal and steady monetary policies promulgated successively, economic growth will continue to remain resilient. Renewable energy industry is a sunrise industry that protects the environment and facilitates economic development, and is barely affected by the current adverse factors. Countries around the world including China are all increasing their efforts in development, with the capital-intensive nature of the industry, the low interest rate era will favor the reduction of power generation cost.

The primary ancillary policies related to “Renewable Energy Law of the People’s Republic of China” were recently basically in place, clearly further stating the subsidies mechanism of non-hydro renewable power generation, enforcing “determination of expenditure based on revenues” strategy when deciding the scale of newly subsidized projects. Any current projects that meet the requirements will be included in the subsidy project list,; there will not be any further publications of the Renewable Energy Tariff Catalogue, and review of the first batch of subsidized items have commenced. Meanwhile, the investment in grid construction increased, projects such as ultra-high voltage power transmission project and power grid restructuring further facilitated the consumption of renewable energy. Marketization reform in the power market, application of energy internet services, and technological advancements propel the innovation of business model in the renewable energy industry. The high quality march of energy industry towards a clean, low-carbon, safe and efficient will continue.

In recent years, the Group has optimized its assets quality, transformed operating model and adjusted its investment strategies with accurate strategies for development and operation. With substantial increased capabilities, the Group has successfully addressed various changes in the external operating environment, and successfully entered the era of grid parity. In 2020, firmly as an investor and a service provider in the area of renewable energy, the Group will continue its efforts in developing the industrial chain of renewable energy, as well as new applications and business modes of renewable energy, improving the quality of development by consistently upholding the principle of prudent development. Meanwhile, it will take various measures to minimize the impact of COVID-19 on the Group's performance. In 2020, the Group will focus on aspects including production safety, project construction, lowering LCOE, initial stage development, the construction of Energy IoT and intelligent O&M, improving asset quality, control over debt ratio and construction of corporate culture, and strive to achieve the following:

1. Strengthen Safety Management and Control to Ensure Safety, Stability and Efficiency in Various Business Segments

The Group will ensure that each business segment is operated on a safe, stable and efficient basis by adhering to the principle of safety first, continuing to improve the safety management system by intensifying the implementation of the accountability system for production safety and strengthening the level-by-level management and control mechanism for safety management. Through inspections such as routine inspections, seasonal inspections and evaluation by third party institutions, the Group strengthens the works in early control of risks as well as inspection and effective elimination of potential hazards. Safety management skills and awareness of employees are enhanced through trainings of safety education and the building of a safety culture. The Group will continue to improve the emergency management system. Leveraging emergency plans and the information technology infrastructure of safety management, the efficiency of messaging and handling of safety issues can be improved with timely responses to emergencies, in order to further enhance the Group’s ability to respond to emergencies, prevent various safety incidents and safeguard the personal safety and property of the Group and its employees.

2. Strict Refined Management of Power Plants to Uplift Operation Efficiency

The Group will continue to ensure the power plants' safe production and refined management, by leveraging the technologies such as energy IoT and Intelligent O&M. The Group will continue to increase its effort in technology transformation of power plants. Through feasibility studies, experimental testing and load calculation, it promotes power plants' technical upgrades including lengthening of turbine blades, preventing ice accumulation on blades and safety techniques such as grounding for lightning protection, and improving the reliability of equipment and efficiency in power generation under the premise of ensuring safety and effectiveness. Refined management is adopted to control the O&M of power plants to support critical projects, with clearly defined inspection and acceptance standards for improvements in inspection and maintenance abilities. Continued efforts will be made to promote intelligent operation by deepening centralized control, the POWER$^+$ system and the application of asset management system, so as to enhance the level of intelligent operation of the power plants. The intelligent and regional management of spare parts will be optimized to enhance supplies management efficiency and rapid fault handling abilities of the power plants. The production plans of the power plans will be devised scientifically by strengthening finer break-down and control of the power plants' operation indicators. Through the latest intelligent technical and management measures, the achievement of the power plants' mission in power production as well as profit objectives can be ensured by improving the power plants' operation efficiency with increased amount of power generation.

3. Increase Development Efforts in Grid Parity Projects with Innovative Development Modes and Improve the Quality of Projects Approved

At present, due to the rush of installation of wind power projects, the prices of wind turbines have increased sharply, resulting in higher investment cost in wind power. Meanwhile, technology in renewable energy has been advancing and the price of PV modules continues to decline, with further relief in power curtailment. The Group will adjust its investment strategies timely, by optimizing development deployment, dynamically calculating investment return of projects to guarantee the overall investment income of the Group. The Group will vigorously develop high yield PV power projects and grid parity wind power projects, develop agriculture-photovoltaic and fishery-photovoltaic power projects, and follow the development trend of large-scale power base projects, offshore wind power, energy storage, wind power hydrogen production and clean heating industry. With innovative development modes and enhanced development capabilities, the Group will forcefully capture resources and approved projects, ensuring the abundance of resource reserves and smooth construction of projects.

4. Accelerate the Construction and Control the Cost of Projects to Ensure Steady Growth of the Attributable Installed Capacity

With the accelerated implementation of the on-grid price deduction mechanism and the rushed installations of wind power project, the Group will speed up the preparation and construction of projects in the pipeline, reasonably arrange the construction progress of subsidized and grid parity projects, and conduct proper preliminary work for the construction of PV projects in respect of personnel, technology and engineering, ensuring that the subsidized projects are put into operation by stages, and the grid parity projects are commenced and put into operation on schedule, so as to reduce the impact of on-grid price deduction and the rushed installation of wind power equipment on the Group's performance. Paying close attention to the price fluctuation of wind turbines and equipment, the Group will make proper price estimations, optimize procurement strategies, reduce purchase costs and control construction costs. It will continue to strengthen construction projects management, engineering projects planning management and improve synergy capabilities, and strictly control the procedures for change of designs. The Group will optimize design and construction plans, apply new technologies and processes, strengthen the management of suppliers and construction contractors, and put more efforts to get all the approvals needed on time, ensuring the smooth progress of project construction and operation as well as the steady growth of the Group's attributable installed capacity and the return of the power plants.

5. Adhere to the Strategy of "the Lowest LCOE" to Enhance the Core Competitiveness of the Group

Continuously adhering to the strategy of "the lowest LCOE", the Group will continue to improve the asset qualities and operation efficiencies of its power plants, in order to increase its core competitiveness in the era of competitive bidding and grid parity. The Group will proactively conduct technology transformation and facilities management, increase the utilization rate of power plants and facilities, consistently raise the amount of electricity generation and lower LCOE of grid-connected power plants; leveraging on the Energy IoT technology and deepening the application of the centralized monitoring and control centers, POWER$^+$ and EAM, the level of smart operation and refined management of power plants will be improved; leveraging on EAM , intelligent and regionalized management of spare parts will be improved, and the working efficiency and scientific nature of resources management in power plants will be increased. By implementing the measures including optimizing designs and construction plans, applying the latest wind turbines and new technologies and processes, improving procurement strategies, reducing procurement costs, making cost process monitoring and dynamic analysis, enhancing supply chain management and expediting project construction, the Group will be able to effectively control the cost of newly-built power plants and lower the direct LCOE of the newly-built projects. Besides, by optimizing asset structure to reduce reliance on the renewable energy subsidies, the Group will be able to improve the operation stability and profitability of its power plants.

6. Continuously Develop Energy IoT to Promote the Smart Energy Undertaking

Insisting on the promotion of smart energy management, the Group will step up its efforts in developing products of Energy IoT and continue to advance the development and application of the POWER$^+$ system, so as to realize the smart operating model of "online and offline" integration. Leveraging on the POWER$^+$ new energy smart platform, the unattended or less-attended smart operating model of power plants and reduction of operation cost of power plants will be realized by technical means such as multi-functional data collection, big data analysis, centralized monitoring and control, intelligent O&M and smart early warning. In addition, based on its application experience in respect of centralized power plants, distributed PV power plants and poverty alleviation power plants, the application of the Group's POWER$^+$ new energy smart platform will be extended into power generation and user sectors, by providing management services of energy and other derivative services.

7. Enhance Asset Management and Optimize Asset Quality and Liability Structures

The Group will continuously improve its abilities in sustainable operation and risk control, and dynamically analyze the investment return of the projects of the Group periodically. Through strategies such as "built & transfer", the Group can lower its reliance on the renewable energy subsidies, improve cash flows, optimize asset structure, and increase the asset quality, thus increasing the overall return on investment of the Group. At the same time, optimize liability structure to ensure that the gearing ratio of the Group remain at a reasonable level. Financial analysis and capital management will be enhanced to improve the efficiency of capital utilization. Financing channels will be expanded and new financing methods will be adopted to ensure adequate funding.

8. Enhance the Synergetic Development of Services Business to Achieve Better and Stronger Performance

The Group will increase its efforts in the synergetic development of services business, continue to intensify the development of services. By innovating business models relying on the IoT, further expanding the business scope, seizing the development opportunities of service business, the Group will improve its overall profitability and influence of its intangible assets. Based on the POWER$^+$ new energy smart operation platform, and by deeply integrating online intelligent monitoring with offline O&M, the Group will explore a one-stop business model of integrated energy services, and expand its market share of intelligent O&M. It will continue to optimize its design concepts and improve its design and consultation qualifications, and actively explore and upgrade financial leasing business models to promote the development of the Group in the main business of power generation and other businesses including design, energy storage, O&M and Energy IoT. By accumulating business experience in energy storage and focusing on relevant technical development, the Group will form a reserve of technical team in the area of energy storage. The Group also will follow up the development of renewable energy hydrogen production.

In the future, the Group will continue to strengthen its capabilities and improve the talent retention mechanism, by strengthening the construction of a reserve of succession talents, optimizing the pool of talents and upgrading the incentive system. Meanwhile, it will establish a first-rate corporate culture, which can foster an atmosphere of dedication, fraternal cooperation, collaboration, tolerance and efficiency, and advocate a proactive, aggressive, serious, responsible and collaborative work style. By consistently exploring and pursuing innovation, the Group will strive to become a world-class renewable energy power generation enterprise, create higher value for our Shareholders and investors and provide the society with more clean energy and services.

VIII. Impact and Response of COVID-19

Since the outbreak of the COVID-19 epidemic in early 2020, the Group swiftly responded by establishing a leading group for the prevention and control for COVID-19 in a timely manner, simultaneously protecting employees' health and safety and ensuring the normal operation of the Group.

The Group actively adopts a flexible working arrangement, monitors and tracks employees' health status, provides employees with preventive and control supplies such as masks and disinfection alcohol, and regularly sterilizes the workplace. Through active prevention and response, all employees of the Group are in good health with no cases of infections.

During the epidemic, the power plants of the Group were operating for generation normally with less affection by handling daily work through mobile offices and remote video conferencing systems due to the off-season of the projects under construction during the Spring Festival. In accordance with the development of the COVID-19, the Group made overall arrangements and flexibly adjusted the construction plan and schedule. At present, all the projects under construction of the Group have been resumed. The Group will continuous monitor the development of the COVID-19 and minimize the impact of the COVID-19 on the Group.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements and Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Results Announcement.

DIVIDEND

The Board of Directors recommends to declare a final dividend of HK$0.025 per ordinary share in respect of the year ended 31 December 2019 (2018: HK$0.02), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. Based on the number of issued ordinary shares as of the date of approving this consolidated financial information, the proposed final dividend amounted to HK$210,742,000 (equivalent to approximately RMB 191,436,000). It is expected that the final dividend will be paid out before the end of June 2020. The Company will make further announcement when the book close date is fixed.

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

During the year ended 31 December 2019, the Company repurchased a total of 147,170,000 ordinary shares of the Company for an aggregate consideration of HK$53,213,000 (equivalent to approximately RMB47,540,000) on The Stock Exchange of Hong Kong Limited, all of the purchased shares were subsequently cancelled by the Company and the issued share capital of the Company was reduced thereon. Details of the share repurchases during the year are as follows:

	Share Repurchased	Purchase Price per Share		
Month	**Number**	**Highest** HK$	**Lowest** HK$	**Aggregate Amount** HK$
May 2019	44,090,000	0.365	0.340	15,468,000
June 2019	26,720,000	0.375	0.350	9,735,000
August 2019	37,420,000	0.370	0.360	13,646,000
September 2019	12,910,000	0.375	0.365	4,823,000
November 2019	9,510,000	0.370	0.355	3,465,000
December 2019	16,520,000	0.380	0.360	6,076,000
	147,170,000			**53,213,000**

Save as disclosed above, neither the Group, nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year under review.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2019, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rule.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, 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 consolidated financial statements for the year ended 31 December 2019 have been reviewed by the Audit Committee.

APPRECIATION

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

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

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer), Mr. Niu Wenhui, Mr. Gui Kai, Dr. Shang Li and Mr. Zhai Feng (all of above are executive Directors), Mr. Wang Feng (who is an 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).