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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018 AND CHANGE OF NON-EXECUTIVE DIRECTOR

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 2018, together with the comparative figures for the year ended 31 December 2017. 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 2018

	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue	*3*	**1,414,070**	1,035,967
Cost of sales and services rendered		**(547,600)**	(643,752)
Gross profit		**866,470**	392,215
Other income	*4*	**30,678**	43,593
Other gains and losses, net	*5*	**47,140**	97,360
Impairment losses, net of reversal	*6*	**(17,443)**	(25,337)
Distribution and selling expenses		**(6,854)**	(530)
Administrative expenses		**(235,414)**	(179,018)
Finance costs	*7*	**(301,210)**	(184,903)
Share of profit of joint ventures, net		**130,179**	102,940
Share of profit of associates, net		**16,594**	24,246
Profit before income tax		**530,140**	270,566
Income tax expense	*8*	**(16,291)**	(63,948)
Profit for the year		**513,849**	206,618
Profit for the year attributable to:			
Owners of the Company		**502,406**	200,036
Non-controlling interests		**11,443**	6,582
		513,849	206,618
Earnings per share attributable to owners of the Company during the year		***RMB cents***	*RMB cents*
Basic earnings per share	*9(a)*	**5.88**	2.33
Diluted earnings per share	*9(b)*	**5.87**	2.33

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**513,849**	206,618
Other comprehensive expense :		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(9,861)**	(11,239)
Other comprehensive expense for the year, net of tax	**(9,861)**	(11,239)
Total comprehensive income for the year	**503,988**	195,379
Total comprehensive income attributable to:		
Owners of the Company	**492,394**	188,816
Non-controlling interests	**11,594**	6,563
	503,988	195,379

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	**2018** *RMB'000*	2017 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**10,297,106**	7,171,794
Land use rights		**432,424**	355,001
Intangible assets		**1,004,289**	1,004,608
Interests in associates		**317,699**	281,386
Interests in joint ventures		**1,532,872**	1,396,107
Available-for-sale financial assets		**-**	4,726
Financial assets at fair value through profit or loss		**8,545**	-
Contract assets	*11*	**298,404**	-
Trade and bill receivables	*12*	**18,482**	140,377
Prepayments, deposits and other receivables		**846,029**	692,334
Finance lease receivables		**53,628**	19,100
Deferred tax assets		**36,898**	33,256
		14,846,376	11,098,689
Current assets			
Inventories		**20,482**	50,269
Contract assets	*11*	**689,080**	-
Trade and bill receivables	*12*	**714,746**	1,227,743
Prepayments, deposits and other receivables		**685,529**	897,837
Finance lease receivables		**8,327**	5,100
Amounts due from associates		**20,913**	28,250
Amounts due from joint ventures		**61,050**	354,167
Financial assets at fair value through profit or loss		**-**	34,280
Cash and cash equivalents		**1,353,613**	1,011,294
Restricted deposits		**12,692**	99,509
		3,566,432	3,708,449
Total assets		**18,412,808**	14,807,138
LIABILITIES			
Non-current liabilities			
Bank borrowings		**3,751,233**	3,575,599
Other borrowings		**2,587,324**	1,380,555
Senior notes and bonds payable		**1,463,162**	299,324
Convertible loan		**200,825**	-
Deferred tax liabilities		**13,577**	3,900
Deferred government grants		**23,273**	24,136
Payables for construction in progress		**1,362,746**	652,033
		9,402,140	5,935,547

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AS AT 31 DECEMBER 2018

	Note	2018 RMB'000	2017 RMB'000
Current liabilities			
Trade and bill payables	*13*	**999,809**	1,644,387
Payables for construction in progress, other payables and accruals		**1,458,157**	1,409,986
Contract liabilities	*14*	**61,492**	-
Amounts due to associates		**234**	3,502
Amounts due to joint ventures		**19,837**	13,471
Bank borrowings		**620,389**	513,246
Other borrowings		**102,931**	28,120
Senior notes and bonds payable		**199,519**	-
Current income tax liabilities		**1,561**	3,733
		3,463,929	3,616,445
Total liabilities		**12,866,069**	9,551,992
Net current assets		**102,503**	92,004
Total assets less current liabilities		**14,948,879**	11,190,693
Net assets		**5,546,739**	5,255,146
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**74,049**	75,164
Reserves		**5,444,179**	5,082,632
		5,518,228	5,157,796
Non-controlling interests		**28,511**	97,350
Total equity		**5,546,739**	5,255,146

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 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKFRS 40	Transfer of Investment Property

Except for HKFRS 9 and HKFRS 15 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.

During the prior year, the engineering, procurement and construction business became a non-core business, however, this segment met the quantitative thresholds for the reportable segment. In the current year, this segment does not meet the quantitative thresholds for the reportable segment, and accordingly, this segment was grouped in "Others" segment.

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 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 wind plants of RMB 906,206,000 and RMB 344,903,000, respectively.*

	Power generation *RMB'000*	Engineering, procurement and construction *RMB'000*	Others *RMB'000*	Segment Total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended 31 December 2017						
Segment revenue						
Sales to external customers*	717,548	235,817	82,602	1,035,967	-	1,035,967
Inter-segment sales	-	1,386,271	46,306	1,432,577	(1,432,577)	-
	717,548	1,622,088	128,908	2,468,544	(1,432,577)	1,035,967
Segment results	467,153	(107,703)	10,486	369,936		369,936
Unallocated other gains and losses, net						72,023
Unallocated income						6,438
Unallocated expenses						(15,565)
Finance income						22,637
Finance costs						(184,903)
Profit before income tax						270,566
Income tax expense						(63,948)
Profit for the year						206,618
At 31 December 2017						
Segment assets	12,210,238	2,172,713	360,602	14,743,553		14,743,553
Unallocated assets						63,585
Total assets						14,807,138
Segment liabilities	(6,369,865)	(3,123,334)	(48,240)	(9,541,439)		(9,541,439)
Unallocated liabilities						(10,553)
Total liabilities						(9,551,992)

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB 366,295,000 and RMB 351,253,000, respectively.*

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**

For the year ended 31 December 2017
Other segment information

	Power generation *RMB'000*	**Engineering, procurement and construction** *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)	3,295,579	5,027	4,402	-	3,305,008
Depreciation of property, plant and equipment	213,740	13,770	3,979	-	231,489
Amortisation of other intangible assets and land use rights	9,207	4,648	-	319	14,174
Share-based compensation	945	315	105	1,787	3,152
Interests in joint ventures and associates	1,677,493	-	-	-	1,677,493
Share of profit/(loss) of joint ventures and associates, net	127,451	(265)	-	-	127,186
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Write-down of inventories	3,518	13,353	-	-	16,871
Loss on disposal of property, plant and equipment, net	4,462	1,598	-	-	6,060
Impairment loss on goodwill	-	62,584	-	-	62,584
Impairment loss on trade receivables	-	8,590	1,002	-	9,592
Impairment loss on other receivables	19,386	-	-	-	19,386
Reversal of impairment loss on amounts due from joint ventures	-	(3,641)	-	-	(3,641)
Gain from a bargain purchase	-	-	(1,213)	-	(1,213)
Finance income	(6,968)	(15,614)	(55)	-	(22,637)
Finance costs	172,838	12,065	-	-	184,903
Income tax expense	37,190	22,250	4,508	-	63,948

(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 instruments) is presented based on the geographical location of the assets.

	Revenue		**Non-current assets**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**1,382,822**	1,012,096	**13,563,562**	10,025,511
Others	**31,248**	23,871	**836,121**	763,333
	1,414,070	1,035,967	**14,399,683**	10,788,844

(c) Information about major customers

Four (2017: three) external customers contribute individually more than 10% of the total revenue of the Group. The revenue of these customers is summarised below:

	2018	2017
	RMB'000	*RMB'000*
Customer A	**292,284**	112,969
Customer B	**213,433**	195,227
Customer C	**170,245**	N/A*
Customer D	**162,178**	109,038

Revenue from customers above are attributable to power generation segment.

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

3 Revenue

3.1 An analysis of the Group's revenue for the year ended 31 December 2018 is as follows:

	Power generation	**Others**	**Total**
	RMB'000	***RMB'000***	***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**

3.2 For the year ended 31 December 2017

	RMB'000
Sale of electricity:	
Basic electricity price	347,918
Renewable energy subsidy	369,630
Engineering, procurement and construction	235,817
Power plant operation and maintenance services	79,461
Finance lease income	3,035
Other revenue	106
	1,035,967

4 Other income

An analysis of the Group's other income for the year is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest income	**11,983**	22,637
Tax refunds	**9,301**	2,412
Government grants	**3,765**	1,908
Rental income	**1,496**	5,051
Guarantee income	**-**	8,364
Others	**4,133**	3,221
	30,678	43,593

5 Other gains and losses, net

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

	2018	2017
	RMB'000	*RMB'000*
Gain on disposal/de-registration of subsidiaries and associates , net	**25,066**	172,198
Fair value gains on financial assets at fair value through profit or loss	**42,750**	16,644
Fair value gains on derivative component of convertible loan	**11,307**	-
Loss on disposal of property, plant and equipment	**(12,393)**	(6,060)
Impairment loss on goodwill	**-**	(62,584)
Write-down of inventories	**-**	(16,871)
Gain from a bargain purchase	**-**	1,213
Exchange gain / (loss), net	**204**	(88)
Adjustment of sales proceed of prior year's disposal of subsidiaries	**(17,970)**	-
Others	**(1,824)**	(7,092)
	47,140	97,360

6 Impairment losses, net of reversal

	2018	2017
	RMB'000	*RMB'000*
Reversal of impairment loss on amounts due from joint ventures	**-**	3,641
Impairment loss on trade receivables	**(11,906)**	(9,592)
Impairment loss on other receivables	**(5,537)**	(19,386)
	(17,443)	(25,337)

7 Finance costs

	2018	2017
	RMB'000	*RMB'000*
Interest expenses:		
— Bank borrowings	**214,439**	203,599
— Other borrowings	**90,137**	27,450
— Loans from a joint venture	**-**	585
— Senior notes and bonds payable	**123,768**	12,695
— Convertible loan	**11,222**	-
	439,566	244,329
Less: Interest capitalised	**(138,356)**	(59,426)
	301,210	184,903

8 Income tax expense

	2018	2017
	RMB'000	*RMB'000*
Current tax		
— PRC corporate Income tax	**17,242**	49,658
— PRC dividend withholding tax	**1,070**	15,861
(Overprovision) /underprovisionin prior years:		
PRC corporate Income tax	**(8,056)**	7,441
Deferred tax	**6,035**	(9,012)
	16,291	63,948

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB 502,406,000 (2017: RMB 200,036,000) by the weighted average number of 8,549,412,000 (2017: 8,574,740,000) 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 loan.

	2018	2017
Earnings：		
Earnings for the purpose of basic earnings per share *(RMB'000)*	**502,406**	200,036
Effective of dilutive potential ordinary shares:		
Adjustments on convertible loan*(RMB'000)*	**15,328**	-
Earnings for the purpose of diluted earnings per share*(RMB'000)*	**517,734**	200,036
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share*(thousands)*	**8,549,412**	8,574,740
Effect of dilutive potential ordinary shares:		
Adjustment for effect of dilutive potential shares:		
Share award scheme*(thousands)*	**3,588**	20,584
Convertible loan *(thousands)*	**263,598**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(thousands)*	**8,816,598**	8,595,324

10 Dividend

	2018	2017
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2017 Final – HK$0.01(2016: HK$0.01) per share	**73,154**	74,758
	73,154	74,758

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2018 of HK$0.02per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming general meeting. (2017: final dividend in respect of the year ended 31 December 2017 of HK$0.01 per ordinary share has been proposed by the directors of the Company and approved by the shareholders at the general meeting held on 28 May 2018).

11 Contract Assets

	At 31 December 2018 *RMB'000*	At 1 January 2018* *RMB'000*
Tariff adjustment receivables	**501,146**	130,324
Retention money	**453,555**	538,442
Construction contracts	**32,783**	48,687
	987,484	717,453
Analysed for reporting purposes as:		
Current assets	**689,080**	587,129
Non-current assets	**298,404**	130,324
	987,484	717,453

**The amounts in this column are after the adjustments from the application of HKFRS 15 at 1 January 2018.*

12 Trade and bill receivables

	2018 *RMB'000*	2017 *RMB'000*
Trade receivables	**258,231**	853,640
Tariff adjustment receivables	**356,179**	448,480
Bill receivables	**130,724**	75,592
	745,134	1,377,712
Impairment loss on trade receivables	**(11,906)**	(9,592)
	733,228	1,368,120
Analysed for reporting purposes as :		
Current assets	**714,746**	1,227,743
Non-current assets	**18,482**	140,377
	733,228	1,368,120

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

As at 31 December 2018, the aging analysis of the trade receivables net of allowance for doubtful debts presented based on invoice date, was as follows:

	2018 *RMB'000*	2017 *RMB'000*
Within 3 months	**162,972**	141,505
3 to 6 months	**12,451**	26,645
6 to 12 months	**13,555**	81,281
1-2 years	**32,511**	304,972
Over 2 years	**24,836**	289,645
	246,325	844,048

As at 31 December 2018, the aging analysis of the tariff adjustment receivables, based on the revenue recognition date, was as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**68,136**	127,841
3 to 6 months	**56,828**	91,758
6 to 12 months	**129,489**	132,776
Over 1 year	**101,726**	96,105
	356,179	448,480

13 Trade and bill payables

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**624,002**	1,240,592
Bill payables	**375,807**	403,795
	999,809	1,644,387

As at 31 December 2018, the aging analysis of the trade payables, based on invoice date, was as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**39,007**	1,091,970
3 to 6 months	**12,184**	1,657
6 to 12 months	**13,879**	37,767
1-2 years	**464,869**	72,243
Over 2 years	**94,063**	36,955
	624,002	1,240,592

As at 31 December 2018, the maturity date of bill payables was “within 12 months” (2017: “within 6 months”).

14 Contract Liabilities

	At 31 December 2018	At 1 January 2018*
	RMB'000	*RMB'000*
Receipt in advance	**60,116**	50,842
Construction contracts	**1,376**	10,744
	61,492	61,586
Amounts due to customers for contract work		
— Third parties	-	5,636
— Joint ventures	**1,376**	5,108
	1,376	10,744

**The amounts in this column are after the adjustments from the application of HKFRS 15 at 1 January 2018.*

15 Share capital

Ordinary shares issued of HK$0.01 each:

	No. of shares	Nominal value
	000's	*RMB'000*
As at 1 January 2018	8,676,795	75,164
Repurchase and cancellation of ordinary shares *(Note)*	(126,210)	(1,115)
As at 31 December 2018	**8,550,585**	**74,049**

Note:

During the current year, the Group repurchased a total of 164,080,000 ordinary shares of the Company from the market for a total consideration of HK$51,160,000 (equivalent to approximately RMB 45,250,000), of which 126,210,000 ordinary shares were cancelled before 31 December 2018.

16 Events after the end of the reporting period

On 13 December 2018, the Company entered into a convertible loan agreement with Goldman Sachs Asia Strategic Pte. Ltd. ("Goldman Sachs"), pursuant to which Goldman Sachs agreed to lend to the Company convertible loan with a principal amount of US$30,000,000, and the Company granted to Goldman Sachs the option and the right to advance an additional loan of up to an aggregate principal amount of US$20,000,000.

Subsequent to the end of the reporting period, on 16 January 2019, the Company and Goldman Sachs agreed to make certain amendments regarding the option and disbursement conditions of the additional US$20,000,000 convertible loan.

Please refer to the Company's announcements dated 13 December 2018 and 16 January 2019 for further details of the above convertible loan.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In 2018, the global economy continued with a trend of moderate growth with slowing momentum. There has been obvious divergence in the growth trends and monetary policies of major economies. Onlythe performance of the U.S. economy has exceeded the market's expectation. Facing a complex and grim external environment, China's economic continued to remain generally stable, and develop with steady overall stability and progress. Statistics from the National Bureau of Statistics showed that the GDP for the whole year of 2018 exceeded RMB90 trillion for the first time and representing a year-on-year increase of 6.6%.

The efficiency of China's energy industry improved significantly, further consolidating and developing the positive momentum of improving quality while maintaining stability. China's total electricity consumption for 2018 was 6.8449 trillion kWh, representing a year-on-year growth of 8.5%, 1.9 percentage points higher the growth of last year. The clean energy industry expanded steadily, and the installed wind power and photovoltaic power generation capacity continued to maintain a stable growth. According to the statistics from the National Energy Administration of the PRC (the "NEA"), as of the end of 2018, the China's installed wind power and photovoltaic power generation capacity had reached 360GW, accounting for 18.9% of the total installed power generation capacity. Wind power and photovoltaic power generated 543.5 billion kWh of electricity throughout the year, accounting for approximately 8% of the total power generation. The newly installed grid-connected wind power capacity was 20.59GW, and the accumulated grid-connected capacity had reached 184GW by the end of December, representing a year-on-year increase of 12%. The newly installed photovoltaic power generation capacity was 44.26GW, of which, newly installed photovoltaic power generation capacity from centralised photovoltaic power plants was 23.30GW, while that of distributed photovoltaic power plants was 20.96GW. By the end of December, the national installed photovoltaic power generation capacity had reached 174GW, representing a year-on-year increase of 34%.

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

(1) Changes in Macro Policies Having a Far-Reaching Impact on the Renewable Energy Industry

In 2018, there was further deepening of the supply-side structural reform in the energy industry. With further improvements in renewable energy planning and the system of industrial policies, positive progress was made in the reform of power system. Various industrial policies were promulgated. The government expedited the progress and implementation of competitive bidding and grid-parity. The promulgation of the 518 Policy (Guo Neng Fa Xin Neng [2018] No. 47) clearly indicated that, for the provinces (autonomous regions and municipalities directly undr the Centeal Government) that had not issued their 2018 annual wind power construction plans, their projects including new addition of centralised onshore wind power projects and offshore wind power projects without confirmed investors, must be subject to competitive bidding for the allocation of resources and establishment of on-grid tariffs. The promulgation of the 531 Policy (Fa Gai Neng Yuan [2018] No. 823) indicated that there would be no arrangement for the construction quota of ordinary photovoltaic power stations. In addition, the market-trading mechanism for electricity continued to improve with accelerated progress in market-trading. Meanwhile, the government cleaned up a large number of planned but not commenced projects at the end of the year to make room for subsequent development. The government sought comments on the quota system three times during the Year and accelerated the implementation of the quota system, encouraged to develop distributed wind power and photovoltaic power that are directly supplied to users, and encouraged power generation enterprises to participate independently and voluntarily in power generation trading according to the Basic Rules for Intermediate and Long Term Electricity Transactions (《電力中長期交易基本規則》) on the basis that they could ensure the safety of power generation and comsumption in their operations. In addition, the government vigorously promoted the development of offshore wind power, energy storage and market-based mechanisms for grid ancillary services, leading not only to a new growth driver for the industry, but also the formulation of a plan in the consumption of clean energy. This has significantly increased the share of renewable energy in power consumption and promted a comprehensive development of the renewable energy sector. With constant improvement of renewable energy policies in 2018, this shift in policy orientation implicates that the development of the industry has already entered the era of competitive bidding and grid parity.

(2) With Wind Power and Photovoltaic Power Curtailment Relieved, the Trend of Clean Energy Consumption Remaining Positive

In March 2018, the NEA of China issued the "Notice on the Results of Monitoring and Early Warning of Wind Power Investments in 2018" (《2018 年度風電投資監測預警結果的通知》), which indicated that three provinces including Gansu, Xinjiang (including the corps) and Jilin were red alert regions, and other three provinces including Inner Mongolia, Heilongjiang and Ningxia had removed red alert.

In order to facilitate the effords to make up the weak points of infrastructure, and to take the advantages of the key power grid projects in optimization of the investment structure and the consumption of clean energy and precise poverty alleviation, in September 2018, the NEA published the "Notice on Accelerating the Planning and Construction of a Number of Key Projects for Power Transmission and Transformation" (《關於加快推進一批輸變電重點工程規劃建設工作的通知》). The Notice proposed to accelerate the construction of of 9 key projects including the Qinghai-Henan ultra-high voltage DC project and total of 5 ultra-high voltage DC transmission lines and 7 ultra-high voltage AC transmission lines were planned, to facilitate the consumption of clean energy in the northwest and southwest regions.

According to the statistics from the NEA, in 2018, the national wind power curtailment rate was 7%, representing a year on year drop of 5 percentage points, achieving the lowering of both wind power curtailment volume as well as wind power curtailment rate. The photovoltaic power curtailment rate was 3%, representing a year-on-year decrease of 2.8 percentage points, achieving the lowering of both photovoltaic curtailment volume as well as photovoltaic curtailment rate. In 2018, the national average utilization hours of wind power reached 2,095 hours, representing a year-on-year incease of 147 hours, and the national average utilization hours of photovoltaic power reached 1,115 hours, representing a year-on-year incease of 37 hours. In general, the trend of clean energy consumption remained positive.

(3) Accelerated Advancements in Renewable Energy Technology with Rapid Reduction in Costs

During the Year, renewable energy technology continued its rapid development and the efficiency of renewable energy facilities continued to increase. In respect of wind power, the wind turbines were with longer blades, higher turbine towers and wind energy conversion efficiency, and a better developability of low-wind speed resources as well as higher quality and operating stability. In respect of solar power generation, the conversion efficiency of battery modules has been constantly enhancing. Meanwhile, solar thermal power generation and energy storage technology have also been improving, which increase the developable wind and solar resouses. Thanks to the advance of technology and market competition, the price of wind turbines and the price of solar power modules have both decreased as compared with the same period in the previous year.

Advancements in renewable energy power generation technology constantly drove down the Levelised Cost Of Electricity ("LCOE") and enhanced the competitiveness of renewable energy commercialisation and operations. In the imminent age of grid parity, the competitive advantage of renewable energy has become most obvious.

(4) Continuing Promotion of Power System Reform

In 2018, the policies on the construction of the electricity market continued to improve, encouraging power grid enterprises to participate in inter-province and inter-region power trading, promting various types of power generation enetrprises to enter the market, and opening the market for eleigible users. With further optimization of the power trading mechanism in the market, power trading continued to increase in terms of scale and proportion. Meanwhile, in 2018, the NDRC, the NEA and other departments issued a series of policies on incremental power distribution reforms, which basically established the policy system of incremental power distribution reform and further expanded the channels for social capital to enter into the power grids, creating a new business model for the industry. The promotion of the "distributed projects in close proximity to users" policy was expected to be a new highlight of the power system reform, which would not only contribute to the further development of the new energy industry and accelerate the achievement of zero subsidy, but also facilitate the continued promotion of market-based power trading and the implemention of the reform's original intention of "controlling the industry but allowing competitions at both ends".

(5) Tight Financing for Renewable Energy Industry, Policy Support from Government Increased

In 2018, China's monetary policy remained sound and neutral. Though factors such as financial deleveraging and China-US trade conflicts increased the difficulty in financing renewable energy. While there was a slight increase in financing costs, the borrowing interest rates of financial institutions were generally stable. The central bank announced targeted reductions in the reserve requirement ratio for four times during the Year, and supported financial institutions to expand their credit facilities to small and micro enterprises, private enterprises and innovative enterprises through measures such as increased refinancing, increased rediscount quotas and flexible credit policies.

II. BUSINESS REVIEW

The Group achieved remarkable results in its strategic transformation. Revenue and profit of its power generation business segment increased significantly. The Group made correct judgments of the time and situation, accurately set its development direction and grasp the market opportunities. On the one hand, it strengthened its efforts in the development and construction of wind power projects in regions where power curtailment was not implemented and increased the income quality of incremental assets through the investment in a number of power generation plants which enjoyed high electricity prices in areas with no power curtailment, as well as through the aggressive application of new technologies and new wind turbine types. On the other hand, it utilised the intelligent operation technology of Internet of Things to reduce the cost of power generation, and properly managed its existing assets, thus achieving remarkable increases in power generation and profit. Meanwhile, businesses related to the renewable energy industry such as the Energy Internet of Things, distributed wind power, distributed photovoltaic power, energy storage and financial leasing achieved remarkable expansion.

In 2018, the Group achieved a total income of RMB1,414,070,000 (2017: RMB1,035,967,000), an increase of 36.50 % over the same period of the previous year; profit attributable to equity holders of the Group amounted to RMB502,406,000 (2017: RMB200,036,000), increased by 151.16 % as compared with the same period in the previous year. The basic earnings per share were RMB5.88 cents (2017: RMB2.33 cents); and the fully diluted earnings per share were RMB5.87cents (2017: RMB2.33 cents).

As at the end of the Year, the net assets of the Group amounted to RMB 5,546,739,000 (31 December 2017: RMB5,255,146,000) and its net assets per share was RMB0.65 (2017: RMB0.61).

(1) Rapid Growth in Power Plant Performance and Significant Increase in Asset Quality

i. Satisfactory Development of the Main Business of Power Generation; Significant Growth in Wind Power Generation

In 2018, power generation output attributable to the Group increased significantly, an increase of 48.55% over the previous year. The Group's wholly-owned power plants showed significant increase of 88.91% in power generation compared to the previous year. During the Year, the Group's share of power generation from its jointly-owned power plants grew by 8.74% over the previous year, benefiting from continuing reduced curtailment in the northern regions and improved operating efficiency.

Total Attributable Power Generation Output (GWh)

		The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions		2018	2017	Change rate	2018	2017	Change rate
Wind Power Generation		**3,187.91**	**1,997.17**	**59.62%**	**1,865.43**	**783.22**	**138.17%**
Including:	Northeastern China	338.94	269.73	25.66%	-	-	-
	Northern China	438.55	430.02	1.98%	-	-	-
	Northwestern China	141.05	126.29	11.69%	-	-	-
	Eastern China	567.37	457.47	24.02%	323.37	217.90	48.40%
	Central Southern China	1,507.52	563.59	167.49%	1,347.59	415.26	224.52%
	Southwestern China	194.47	150.06	29.59%	194.47	150.06	29.59%
Photovoltaic Power Generation		**447.86**	**450.29**	**-0.54%**	**430.54**	**432.16**	**-0.37%**
Including:	Northeastern China	0.01	-	-	0.01	-	-
	Northern China	43.32	25.64	68.95%	31.04	12.57	146.94%
	Northwestern China	12.51	63.89	-80.42%	12.51	63.89	-80.42%
	Eastern China	59.44	59.31	0.22%	54.40	54.26	0.26%
	Southwestern China	311.55	285.59	9.09%	311.55	285.59	9.09%
	Overseas Regions	21.04	15.85	32.74%	21.04	15.85	32.74%
Total		**3,635.77**	**2,447.46**	**48.55%**	**2,295.97**	**1,215.38**	**88.91%**

ii. Significant Increase in Utilization Hours, Further Reduction in Curtailment Rates

In 2018, the weighted average utilization hours of the wind power plants invested by the Group have increased significantly to 2,148 hours, higher than the national average of 2,095 hours, of which the weighted average utilization hours of wholly-owned wind power plants were 2,288 hours. The weighted average utilization hours of photovoltaic power plants invested by the Group were 1,379 hours, which was also higher than the national average of 1,115 hours, whereas that of the Group's wholly-owned photovoltaic power plants were 1,356 hours.

Weighted Average Utilization Hours of Power Plants (Hour)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	2018	2017	Change rate	2018	2017	Change rate
Average Utilization Hours of Wind Power	**2,148**	**1,921**	**11.82%**	**2,288**	**2,072**	**10.42%**
Average Utilization Hours of Photovoltaic Power	**1,379**	**1,367**	**0.88%**	**1,356**	**1,313**	**3.27%**

Benefiting from the significant improvement in the nationwide grid curtailment and the increase of high-quality wind power projects in southern China areas with no power curtailment, the operating efficiency of the Group showed strong improvement for the Year. The average wind power curtailment rate of the wind power plants invested by the Group was 4.03%, decreasing significantly as compared to the same period of previous year and was lower than the level of national average. The wind power curtailment rate of wholly-owned power plants was only 0.06%. The average photovoltaic power curtailment rate of the photovoltaic power plants invested by the Group was 12.35%. The increase in the curtailment rate is mainly due to the curtailment rate increase of the Tibet photovoltaic power plant.

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

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**2018**	**2017**	**Change rate**	**2018**	**2017**	**Change rate**
Wind Power Curtailment Rate	**4.03%**	**9.10%**	**-5.07%**	**0.06%**	**0.19%**	**-0.13%**
Photovoltaic Power Curtailment Rate	**12.35%**	**7.49%**	**4.86%**	**13.60%**	**8.31%**	**5.29%**

During the Year, the Group implemented centralised monitoring and smart energy management through the construction of 4 centralised monitoring centres in Hunan, Hubei, Anhui and Tibet, the application of the "POWER^{+}" system and development of the enterprise asset management ("EAM") system. The level of intelligent inspection and maintenance grew rapidly, and the availability of the wind turbines in the Group's invested wind power plants increased effectively, reaching 97.78%, of which the availability of the wind turbines in its wholly-owned wind power plants was 98.30%. The availability of the photovoltaic power plants invested by the Group was 99.18% whereas that of the Group's wholly-owned photovoltaic power plants was 99.03%.

Availability of Wind Turbines and Photovoltaic Power Plants (%)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments	**2018**	**2017**	**Change rate**	**2018**	**2017**	**Change rate**
Availability of Wind Turbines	**97.78%**	**97.19%**	**0.59%**	**98.30%**	**98.53%**	**-0.23%**
Availability of Photovoltaic Power Plants	**99.18%**	**98.73%**	**0.45%**	**99.03%**	**98.50%**	**0.53%**

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

In 2018, under the combined impact of growth in installed capacity in the wholly-owned power plants and the declined tariffs for power transactions, the weighted average feed-in tariff rate of wind power plants invested by the Group increased to RMB0.5595/kWh (including VAT) (the same period of 2017: RMB0.5582/kWh). For photovoltaic power plants, the weighted average feed-in tariff rate was RMB0.9446/kWh (including VAT) (the same period of 2017: RMB0.9698/kWh). The weighted average feed-in tariff rate of wind power plants wholly-owned by the Group was RMB0.5948/kWh (including VAT) (the same period of 2017: RMB0.5830/kWh). For wholly-owned wind power plants, the weighted average tariff (exclusive of subsidies) was RMB0.3910/kWh. For wholly-owned photovoltaic power plants, the weighted average feed-in tariff rate was RMB0.9073/kWh (including VAT) (the same period of 2017: RMB0.9357/kWh).

During the Year, the traded power volume of the Group's wholly-owned power plants amounted to 256.21 million kWh, accounting for 11.16% (the same period of 2017: 171.29 million kWh, accounting for 14.09%). Traded wind power volume reached 121.55 million kWh, accounting for 6.52% of wholly-owned wind power generation (the same period of 2017: 63.74 million kWh, accounting for 8.14%) and average reduction in wind power tariffs over the approved benchmark feed-in tariff was RMB0.0145/kWh) (the same period of 2017: reduction of RMB0.0275/kWh). Traded photovoltaic power volume amounted to 134.66 million kWh, accounting for 31.28% of the wholly-owned photovoltaic power generation (the same period of 2017: 107.55 million kWh, accounting for 24.89%) and average reduction in photovoltaic power tariffs over the approved benchmark feed-in tariff was RMB0.0837/kWh (the same period of 2017: reduction of RMB0.0790/kWh).

iv. Significant Increase in Income and Profit of Wholly-owned Power Plants; Continuous Improvement on Return of Jointly-owned Power Plants

In 2018, the Group's wholly-owned power plants achieved a total income of RMB1,251,109,000, an increase of 74.36% over the same period of the previous year, accounting for 88.48% of the Group's revenue (2017: 69.27%).

During the Year, the Group's wholly-owned power plants achieved a total net profit from power generation of RMB511,276,000, and the Group shared net profits totalling RMB149,619,000 from its associates and joint ventures.

Revenue and Net Profit of Power Plants (RMB)

		2018	2017	Change rate
Revenues of Wholly-owned Power Plants		**1,251,109,000**	**717,548,000**	**74.36%**
Including:	Wind Power	906,206,000	366,295,000	147.40%
	Photovoltaic Power	344,903,000	351,253,000	-1.81%
Net Profit of Wholly-owned Power Plants		**511,276,000**	**233,871,000**	**118.61%**
Including:	Wind Power	419,089,000	145,630,000	187.78%
	Photovoltaic Power	92,187,000	88,241,000	4.47%
Profit Sharing of Jointly-owned Power Plants		**149,619,000**	**127,186,000**	**17.64%**
Including:	Wind Power	140,654,000	121,222,000	16.03%
	Photovoltaic Power	8,965,000	5,964,000	50.32%

(2) Investment and Construction of Power Plants

In 2018, the construction of the Group's projects proceeded steadily. The invested power plants were all high-quality wind power plants in regions with no power curtailment in southern China. The Group's installed capacity continuously increased. During the Year, the Group reduced its LCOE and increased the power generation efficiency by aggressively promoting the use of new technologies, adopting the latest wind turbines, and at the same time optimising designs and strengthening the management of project construction progress, whereby the Group effectively reduced the overall construction cost of projects, greatly increased the amount of power generation, significantly reducing LCOE, and tremendously increased the competitiveness of power plants.

i. Continued Increase in Installed Capacity of Power Plants; Proportion of Wholly-owned Power Plants Increased Over the Years

During the Year, the total installed capacity of the Group's invested power plants under construction was 1,068MW (the same period of 2017: 1,006MW), all of which were wholly-owned projects. Among them, 6 were continued construction projects, with an installed capacity of 340MW; 15 new construction projects were started with an installed capacity of 728MW.

During the Year, the Group added 10 power plants into operation with a total installed capacity of 471MW (the same period of 2017: 439MW), all of which were wholly-owned projects. Among which, 9 were wind power plants with an installed capacity of 470MW and 1 was distributed photovoltaic power plant with an installed capacity of 1MW.

As at the end of the Year, the Group owned shares in 74 grid-connected wind power and photovoltaic power plants with a total installed capacity of 3,189MW (the same period of 2017: 2,718MW) and an attributable installed capacity of 2,277MW. Among them, 55 were wind power plants with an installed capacity of 2,857MW (the same period of 2017: 2,387MW) and an attributable capacity of 1,963MW, and 19 were photovoltaic power plants with an installed capacity of 332MW (the same period of 2017: 331MW) and an attributable installed capacity of 314MW.

As at the end of the Year, the Group had 43 wholly-owned grid-connected wind power and photovoltaic power plants with a total installed capacity of 1,611MW. Among which, 26 were wind power plants with an installed capacity of 1,308MW, and 17 were photovoltaic power plants with an installed capacity of 303MW.

Attributable Installed Capacity (MW)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**2018**	**2017**	**Change rate**	**2018**	**2017**	**Change rate**
Installed Wind Power Capacity	**1,963**	**1,493**	**31.48%**	**1,308**	**838**	**56.09%**
Including: Northeastern China	162	162	0.00%	-	-	-
Northern China	186	186	0.00%	-	-	-
Northwestern China	103	103	0.00%	-	-	-
Eastern China	379	248	52.82%	261	130	100.77%
Central Southern China	1,053	714	47.48%	967	628	53.98%
Southwestern China	80	80	0.00%	80	80	0.00%
Installed Photovoltaic Power Capacity	**314**	**313**	**0.32%**	**303**	**302**	**0.33%**
Including: Northeastern China	1	-	-	1	-	-
Northern China	26	26	0.00%	20	20	0.00%
Northwestern China	9	9	0.00%	9	9	0.00%
Eastern China	44	44	0.00%	40	40	0.00%
Southwestern China	215	215	0.00%	215	215	0.00%
Overseas Regions	18	18	0.00%	18	18	0.00%
Total	**2,277**	**1,806**	**26.08%**	**1,611**	**1,140**	**41.32%**

ii. Adjusting National Development Deployment, Exploring Distributed Wind Power, Distributed Photovoltaic Power and Energy Storage Businesses

During the Year, in the "2018 Wind Power Development and Construction Plan" ("2018年風電開發建設方案") issued by the provincial energy bureaus, the Group had a total of 5 wind power projects (a total of 400MW) listed in the annual development and construction plan, all of which were located in regions with good grid access conditions and without power curtailment. In 2018, the Group had 4 new approved wind power projects (a total of 349MW). In addition, the Group has 4 new approved/registered photovoltaic projects (a total of 55.4MW).
Currently, the scale of total wind power projects of the Group which are in construction but not yet in operation reached 833MW, and the scale of the projects which have been approved but not yet commenced reached 598MW. During the Year, the Group newly signed contracts for wind resource of 4,078MW and photovoltaic resource of 137MW. The Group closely follows the development of renewable energy technologies, utilises advanced equipment such as high anemometer towers and laser anemometers to continuously track and evaluate the wind resources it holds, and selects wind and photovoltaic resources with the best economic benefits under the current technology and cost levels to participate in the competitive biddings

During theYear, the Group strengthened its development efforts in distributed wind power and photovoltaic power projects, and has put into operation the nation's first high-altitude echelon-use energy storage project on the power generation side in Tibet. The Group also actively developed energy storage projects on the power generation side and user side.

(3) Other Businesses

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 2018, the Group made some achievements in terms of aspects such as Energy Internet of Things business, intelligent operation and maintenance, power plant design services, financial leasing as well as energy storage and incremental distribution network.

i. Research and Development of Energy Internet of Things Technology

In 2018, the Group increased its investment in the research and development of its Energy Internet of Things business, actively commenced the development and trial operation of POWER+3.0, intelligent inspection system ("Yixun") and enterprise asset management (EAM) system, and enhanced the functional application of big data to build an "intelligent operation and maintenance" platform for the Group. Based on the regional operation management, the Group adopted "POWER+" + "Yixun" + "centralised monitoring centres" + " EAM" mode through the online platform of POWER+ system, so as to achieve remote and centralised monitoring of power plants, big data analysis and early warning, remote intelligent diagnosis, intelligent work order system and the operation model of unattended power plants with minimal human monitoring. The Group implemented comprehensive asset full lifecycle management, resulting in significant improvement of operation indicator performances of power plants and effective reduction of LCOE of power plants.

During the Year, the Group's subsidiary Beijing Dongli Xiehe Technology Development Co., Limited ("Dongli Xiehe") spared great efforts in expanding external markets of new energy, and won the bidding of photovoltaic intelligent operation and maintenance platform project of Astronergy and the bidding of the Xiangtan Electric's project of intelligent remote monitoring centre platform of wind power plant. As at the end of the Year, the POWER+ system has served more than a total of 5GW of renewable energy power plants, including photovoltaic power plants with an installed capacity of 2.9GW and wind power plants with an installed capacity of 2.1GW.

ii. Operation and Maintenance of Power Plants

In 2018, the Group's subsidiary Beijing Century Concord Operation and Maintenance Co., Ltd. ("Concord O&M") won the title of "Top 10 Outstanding Enterprises in Top 50 Chinese Wind Power Industry in 2018" and continued to obtain China's High and New Technology Enterprise Certificate successfully. During the Year, by taking advantage of the Group's "POWER+" products, Concord O&M gradually implemented a new energy operation mode combining the online "centralised monitoring, big data analysis, intelligent diagnosis and early warning and intelligent work order" with offline "safe, professional and standardised operation management, centralised overhaul, professional inspection testing and power plants with minimal human monitoring".

During the Year, Concord O&M had undertaken a total of 91 wind power and photovoltaic power plants' overall operation and maintenance and scheduled inspection service contracts with a total of 5GW, and signed 13 contracts in areas such as preventive tests, technical renovation and overhaul and spare parts sales.

iii. Project Consultancy and Design Business

In 2018, the Group's subsidiary Concord Power Consulting & Design (Beijing) Corp., Ltd. ("Design Company") actively expanded its business areas, introduced design services for plants such as energy storage plants and distributed power plants, and obtained the Grade B credit rating of the power industry (thermal power, hydropower, nuclear power and new energy) consultation.

During the Year, the Design Company had completed 228 wind (photovoltaic) resource assessments and technical advisory reports, 42 feasibility study reports, 26 microsite selection reports, 12 preliminary designs, 15 construction drawing designs and 11 record drawings.

iv. Financial Leasing Business

In 2018, the Group's subsidiary Tianjin Green Energy International Leasing Co., Ltd. ("Leasing Company") strengthened its competence build-up and recruited professionals in the financial leasing industry, gradually improving its organizational structure. During the Year, the Leasing Company actively commenced its financial leasing business in the renewable energy industry and successfully invested in 5 external financial leasing contracts, demonstrating that the leasing business has started to develop. Meanwhile, the Leasing Company's own financing capability has further improved and has built excellent cooperation relationships with a number of banks and financial institutes.

v. Energy Storage and Incremental Distribution Network Businesses

In 2018, the Group actively expanded its energy storage business based on the renewable energy industry chain and constructed energy storage demonstration projects for power generation side and users side. In particular, the Group's high-altitude power storage project in Tibet, the nation's first high-altitude echelon-use power storage project on the power generaqtion side, has been put into operation. In the meantime, the Group invested jointly with a number of investors including Alfa Laval Group ("Alfa Laval") and Breakthrough Energy Ventures ("BEV") in the Malta energy storage technology development project, an incubation of Google X Labs, in the United States. Such technology can be widely applied to various energy storage markets such as grid peak load shifting, auxiliary services, distributed energy resources and business and industrial parks, which provides the Group with a first-mover advantage in the energy storage business sector and technical support to quickly enter the energy storage industry in the future.

The Group agressively built up its team of experts in energy storage and trained up talents in energy storage business. It strengthened its own capacity through construction and actively participated in the formulation of industrial standards and industrial conferences. At the same time, the Group made efforts in the construction and operation of energy storage projects on the power generation side, the development and promotion of energy storage project on the user side, as well as in the application of the Group's intelligent energy cloud platform, thus laying the foundation for the Group in mastering the components of energy storage systems, the technology and operation mode of energy storage and gaining an advantage in the exploration and development of the energy storage business based on the business models with respect to energy storage services.

During the Year, the Group successfully won the bidding of the Harbin Comprehensive Bonded Zone incremental distribution network project, which is one of the third batch of demonstration projects in the national power system reform. At the same time, the grid connection of the micro-grid demonstration project in Lanzhou New Area Science and Technology Innovation Park has also been included in the pilot construction plan for Gansu Province's grid connection to micro-grids. These two projects are major developments of the Group in the area of comprehensive energy services, and will maximise the resource advantage of the Group in the intelligent operation and maintenance of Internet of Things as well as in new energy applications during the construction and operation of later projects. The projects will become the Group's model projects in providing comprehensive energy services as well as intelligent operation and maintenance.

During the Year, other business segments of the Group contributed RMB162,961,000 to the Group (2017: RMB318,419,000).

III. Environmental Protection, Compliance and Social Responsibility

In addition to financial performance, the Group believed that high-standard corporate social responsibility is of great significance in building a positive relationship between an enterprise and 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, environment and communities, unswervingly developing clean energies and practicing energy conservation and emissions reduction to protect the natural environment.

The Group's renewable energy power projects such as wind power and photovoltaic power generation projects focus on the investments and management in environmental protection, the conservation of water and soil and biodiversity through measures such as increased investment, optimised designs, advanced technologies and intelligent operation 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. The Group also adheres to the concept of green operation by reducing the emissions and discharge from administrative activities and increasing the efficiency of resources and energy consumption.

In addition to paying attention to environmental protection in the management of renewable energy power generation projects, the Group also promotes and practices the concept of environmental protection through its own efforts.

In alliance with professional public welfare organizations, the Group launched public welfare donation activities with the theme of "Environmental Protection & Public Welfare, Zero Abandonment of Old Clothes" throughout the Company in 2018, with a total of 308 people donating 1,971 kg of clothing. The reuse of these clothing is equivalent to a reduction of 7,097 kg of carbon dioxide emissions and a saving of 11,828 tons of water, together with a decrease of 394 kg of pesticides and 591 kg of fertilisers in use. In addition, the Group also delivered a lively and interesting general science lecture on wind power to more than a hundred primary students at the Beijing International Wind Power Exhibition. While learning the knowledge of wind power generation, the students also strengthened their belief in environmental protection and came to acknowledge the importance of clean energy sources in protection of the environment.

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 photovoltaic 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	2018	Accumulated Amount
CO_2 (Kilotons)	4,395	24,551
SO_2 (tons)	1,439	21,783
NO_X (tons)	1,383	19,413
Standard Coal Saving (Kilotons)	1,710	8,624
Water Saving (Kilotons)	6,917	64,450

(2) Compliance

During the Year, the Group has complied with 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 committed to charity business in order to reciprocate the society by different means.

1. Poverty Alleviation

The Group actively carries out poverty alleviation tasks in areas where power plant investments have been made, through combined measures such as poverty alleviation through projects, and local poverty reduction and economic development assistance of various means. In 2018, the Group launched public welfare donation activities in places including Tongdao in Hunan, Hiaxing in Hebei and Dezhou in Shandong and brought care and assistance to local students and left-behind children. The Group also participated in the on-site fundraising activity organized by the Health, Poverty Alleviation and Supplementary Medical Relief Fund of Jiangmen City and became one of the first donating enterprises of the poverty alleviation fund with a donation of RMB200,000. In the meantime, as a poverty alleviation photovoltaic project, Haixing Photovoltaic Project helped local poor households with an annual fund of RMB1.998 million.

2. Education

The Group promotes the education of national renewable energy business while facilitating the development of local economies, culture and environment by actively carrying out cooperation between schools and enterprises.

In 2018, the Group extended a donation agreement with the Education Foundation of North China Electric Power University. Scholarships were set up and the level of funding was increased to reward outstanding students with excellent conduct, to help students whose families suffer from financial difficulties to complete their studies, to reward students with outstanding performance in technological innovation, invention and manufacturing, to reward outstanding teachers and management staff, and to inspire outstanding undergraduates to further their studies. The Group funded 67 students in 2018 and the total number of beneficiaries amounted to 1,177 students. In 2018, the Group's operation and maintenance company launched the school-enterprise cooperative mode of training jointly with a number of colleges and universitie. In October, the Group held an opening ceremony of the Concord O&M Wind Power Course for the first class of 2018 with Hunan Hydroelectric Occupational College and started the School-Enterprise Cooperative Order Training with Ulanqab Vocational College.

(4) Customer and Supplier Relationships

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

During the Year, the Group's 5 largest customers accounted for 64% of the Group's total sales for the Year, including 19% from the largest customer. The largest customer was State Grid Hunan Electric Power Company.

During the Year, the Group's 5 largest suppliers accounted for 89% of the Group's total procurement amount for the Year, including 36% from the largest suppliers. The largest supplier was Xinjiang Goldwind Science & Technology Co., Ltd. It supplied wind turbines equipment for some of the wind power projects invested by the Group.

IV. Human Resources

(1) Corporate Employees

As of 31 December 2018, the Group had 1,493 full-time employees (31 December 2017: 1,312), 158 of whom worked at the Group's headquarters, 407 in project development and management, 782 in operation and maintenance, 66 in Energy Internet of Things application and 80 in businesses such as design and leasing.

(2) Employees' Development

The Group always upholds its core values of "people-orientation, value creation, working for a better future and striving for excellence". Human resources are the main force of the Group's sustainable development. We have firmly established the concept of sustainable development which is people-oriented and fully coordinated. We respect and are grateful to 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 to inspire positive energy, enhance cohesion and build a happy enterprise, so as to achieve the common development of employees and enterprises.

The Group pays attention to the growth and development of its employees. It provides different career development paths and promotion channels for different positions and individual capabilities. Employees can choose management, technical and professional development channels. Meanwhile, through reviewing talent, the Group has precisely made a human resource plan and optimised the talent pipeline and training in order to provide the staff with a more efficient path for their career development and to constantly enhance the organization capabilities of the Group.

(3) Employees' Trainings

The Group is committed to establishing a learning organization and has built a complete training system. With the online and offline trainings, different curricula are designed for the management, middle managers, backup management cadres and new employees. Every year, a variety of training courses are conducted based on an annual training plan. The Group keeps learning, innovating and improving itself, achieving the common growth with its employees. In addition, the Group focuses on building an internal team of part-time instructors, developing training courses independently and providing convenient conditions for the employees to pursue training voluntarily.

In 2018, the Group organised training sessions for its middle managers, back-up talents, new employees and other business departments totalling more than 450 participants. The training content covered modern corporate management knowledge, professionalism, interview techniques, leadership, communication skills, execution capabilities, innovative management and team building etc. The business department of the Group also developed various kinds of professional trainings covering policy, finance, engineering, production, distribution and sales of electricity, energy storage, financial leasing, files management based on their actual needs to satisfy their needs regarding business and development.

(4) Safety and Health

The Group has always focused on securing the occupational 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 guarantee to its employees in this regard.

The Group makes continuous efforts in safety management through various measures such as improvement of safety management system, establishment of a three-tier integrated general management system, a three-tier "information liaison officer responsible for safety, quality and environmental protection" and a four-tier control system of safe production objective with the Group, subsidiaries and project companies; carrying out the management of monthly report on safe production information and holding monthly meetings regarding safety; carrying out regular supervision and inspection on safety; organising "month of safe production" activities and fire safety training. The Group also raises the awareness of safety, improves construction safety, prevents incidents, improves essential safety and develops the management philosophy of "safety management by everyone, safety need from everyone" through measures such as the construction of safety corners. According to the safe production policy of "safety first, prevention orientation and comprehensive management", the Group designated parties accountable for safety at different levels and achieved simultaneous planning, arrangement, inspection, summarization and assessment of both safety works and various production and operation works, so as to guarantee the employees' health and safety.

With the commitment of providing a safe, healthy and comfortable working environment for its employees, the Group renovated the office area in the Beijing management centre, organised a physical and interest club, built fitness and sports facilities, and organised sports events such as walking activities, cycling challenges and sports meets, with the aims of improving health condition, facilitating their communication and enhancing cohesion.

V. Financial Resources and Commitments

As of 31 December 2018, the Group held cash and cash equivalents of approximately RMB1,366,305,000 (31 December 2017: RMB1,110,803,000). The net assets of the Group were RMB5,546,739,000 (31 December 2017: RMB5,255,146,000). The balance of bank loans and financial leasing of the Group was RMB7,061,877,000 (31 December 2017: RMB5,497,520,000). and the gearing ratio of the Group was 69.88% (31 December 2017: 64.51%).

Pledge of Assets

As of 31 December 2018, the buildings and equipments of the Group were pledged to secure a loan of RMB3,503,839,000 (31 December 2017: 2,054,524,000).

Contingent Liability

As at 31 December 2018, the Group had pledged its 49% equity interest in Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. ("Erlian") with the total value of its registered capital of approximately RMB37,240,000 (31 December 2017: RMB37,240,000). The outstanding balance of the bank loan of Erlian as of 31 December 2018 was RMB31,519,000 (31 December 2017: RMB42,918,000). Save as mentioned above, there was no material contingent liability of the Group as at 31 December 2018.

Commitments

As of 31 December 2018, the Group had capital commitments of RMB1,283,819,000 (31 December 2017: RMB1,960,602,000), 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 RMB61,050,000 (31 December 2017: RMB105,050,000) and the capital contracted but unpaid for the payment for equipment purchased of RMB1,222,769,000 (31 December 2017: RMB1,855,552,000) by the subsidiaries.

VI. RISK FACTORS AND RISK MANAGEMENT

Risks Associated with Policies

The profits of wind and photovoltaic power companies are largely affected by the changes in the policies of the state and the industry. In recent years, grid parity has been sped up due to the implementation of mechanism to deduct the on-grid price of newly-built renewable energy. Meanwhile, as the scale of traded power volume is expanding continuously, the electricity price of commissioned plants is subject to a downward adjustment risk. Renewable energy subsidy is granted in batches by the Ministry of Finance of the PRC, while the time for future batches remains uncertain. Projects listed in the subsidy catalogue may subject to continuous growth in outstanding amounts. In addition, subsidy may be granted based on the market instead of by the government in a fixed amount upon the implementation of Green Certificate trading, resulting in uncertainties in prices. So far, there were no relevant policies or regulations in this regard. The Group will keep abreast of the policies' direction, exercise sound judgement and prospectively estimate the adverse factors that may exist, so that various measures will be designed to reduce risks, minimising the risks arising from the changes of policies.

Risks Associated with Climate

The power generation changes with the annual fluctuation of wind and photovoltaic resources, which is the primary climatic risk that is faced by the wind power and photovoltaic power industry. In addition, extreme weather conditions such as typhoon, freezing, strong sandstorm, haze, and lightning strikes will bring safety risks to wind power and photovoltaic power generation companies.

The Group has already completed wind power and photovoltaic power generation projects in 17 provinces (cities and autonomous regions) which are into operation. In order to address the risks of annual climate changes, we will continue to optimise the project deployment to further counteract the impact caused by climatic risks. In addition, the Company will increase scientific research and improve design standards in terms of aspects such as turbine type selection and development path program, and fully assess and respond to the impact of climatic factors on the safety and effectiveness of power plants.

Risks Associated with Power Curtailment

During the Year, the power curtailment was further reduced and would maintain a favourable trend. However, for reasons such as low energy consumption from the industry sector, unreasonable structure of power grids and the construction of grid lines which lagged behind the expected schedule in certain regions, it was impossible to totally eliminate the curtailment of wind power and photovoltaic power in a short term. The Group will continue to optimise the project deployment, increase the development and construction in regions without power curtailment and make good judgements on the trend of policy changes, so as to take advantage of government policies to counter the problem of power curtailment.

Capital Risk

The Group is principally engaged in investment in wind power and photovoltaic 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. The Group will continuously pay attention to the financing market, expand the financing channels, bring forth new financing products and optimise 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. During the Year, the Group issued bonds of US$200 million. Fluctuations in Renminbi exchange rate will result in foreign exchange losses or gains from the Group's overseas business. The Group will pay active attention to the fluctuations of exchange rates and take effective measures to hedge exchange rate risks.

VII. Prospects

In 2018, various policies of the industry were issued in the PRC, particularly the implementation of such policies as the allocation of centralised wind power projects through competitive bidding, grid parity and reduction of subsidies, which will facilitate a shift of focus for the development of renewable energy industry from scale and speed to quality and efficiency. The progress of technology for renewable energy has been accelerating and the costs for power generation continues to drop. The situation for the consumption of clean energy continues to improve as evidenced in the construction of ultra-high voltage transmission and transformation projects, de-capacity of fossil fuel power generation which promtes the consumption of clean energy, and the easing of power curtailment. With the further deepening of the structural reform of energy on the supply-side and power system reform and the continuous improvement of the market-based power trading mechanism, the scale of market-based power trading continues to expand. It is expected that businesses such as incremental distribution network, distributed projects in close proximity to users, market-based power ancillary services and energy storage will be closely integrated with the renewable energy power generation business and facilitate the continuous innovation of new business models in the industry. With this trend of inevitable transformation of energy consumption, renewable energy in the power generation market will continue to matain its competitive advantage in the industry.

Currently, the costs for renewable energy power plants are lower than those for fossil fuel power generation. In an era of competitive bidding, grid-parity, renewable energy has no problem in competing with fossil fuel power generation. With the development and construction costs constantly being driven down thanks to the progress of technology and technical innovations, the economic viability of renewable energy projects has been uplifted continuously. There is a continuous improvement of appetite for renewable energy and an easing of power curtailment in the northern regions, and the development potentials for distributed power projects is huge. On top of these, the government also provides grid-parity projects with various support measures in terms of policies, so as to scure the long-term and steady income of these projects. Development opportunities and room for growth for renewable energy will remain optimistic.

In recent years, the Group has optimised its assets quality, transformed operating model and adjusted its investment strategies with accurate strategies for development and operation. With its increased capability, the Group has successfully addressed various changes in the external operating environment. The Group will insist to spare great efforts in the development of renewable energy's industrial chain, as an investor as well as a service provider. With focus on practical work and laborious efforts, the Group will become an industry leading world-class enterprise to create significant and continuous returns for its shareholders and the society.

In 2019, the Group will respond to competitive bidding and grid-parity, and will continue to implement the principle of healthy development, focusing on the strategies involving production safety, lowering LCOE, enhancing pre-development, expediting the construction of Energy Internet of Things and intelligent operation and maintenance, optimising asset structure and improving asset quality.Focusing on innovative strategies relevant to the industry, the Group will strive to achieve the followings:

1. Consolidate the foundation of safety management and establish a long-acting safety mechanism

The Group will continue to improve its safety management system and pay close attention to safety management. Through measures including safety supervision and inspection, safety education and training, implementation of accountability system for production safety and relying on scientific and technological innovation, the Group will accelerate the construction of supporting facilities for safety management, consolidate the foundation of safety management, and establish a long-acting safety mechanism, so as to assume its responsibilities for the life and health of its employees, the safety of corporate assets and the safety of the society as a whole.

2. Focus on the main business of power generation and improve assets quality

The power generation business has become the pillar business of the Group. Currently, the Group has certain pipeline projects with attractive electricity price and return, which can meet its construction plan for the coming three years. The Group will continue to accelerate project construction and achieve a steady growth in its attributable installed capacity. In addition, the Group will enhance refined management and improve the quality of power plant asset management, as well as improve equipment availability through the application of Energy Internet of Things and centralised monitoring centres, technological transformation and other measures, thus increasing power generation output and improving operating efficiency of power plants.

3. Pursue the lowest LCOE and enhance its competitiveness in competitive bidding and grid parity

By firmly implementing the principle of "the lowest LCOE", the Group will steadily reduce the LCOE of its power plants, and enhance its core competitiveness in the era of competitive bidding and grid parity. By implementing the measures including optimising designs, applying latest wind turbines and new technologies, reducing procurement costs and expediting project construction, effectively controlling the cost of newly-built power plants and dedicate to lower the direct LCOE of the newly-built projects. Through the application and technological transformation of Energy Internet of Things, refined management and level of operation and maintenance of power plants will be improved, and the LCOE of commissioned power plants will be reduced. Meanwhile, through various measures and refined management, the Group will be able to enhance the efficiency of capital utilization and lower the LCOE in all aspects.

4. Adapt to situations, and make judgments to optimise deployment and pace of development

Under the complicated and ever-changing business environment, the Group will carry out careful research on new policies to make judgements on policy and market changes; adjust investment strategies and optimise development deployment in line with policy direction and market trends. By taking targeted measures, the Group will be able to put more efforts into capturing resources. In accordance with the estimated returns of projects on the assumption of no subsidy, the Group will handle projects on a priority basis, by holding some projects in reserve, starting development on some other projects, and commence construction for another batch, so as to maintain a sustainable and healthy pace of development. On the condition that the red alert in the northern regions is removed, the Group will increase its development efforts in wind power projects in the north, and actively participate in the development of distributed wind power projects.

5. Continuously develop Energy Internet of Things to promote the smart energy management

The Group organised a team of specialists in Energy Internet of Things, under the leading of which, the Group will step up its efforts in developing products of Energy Internet of Things and continue to advance the development and application of the POWER$^+$ system. Leveraging on the "smart brain" of the POWER$^+$ system, the operation model of power plants with minimal human monitoring and reduction of operation cost of power plants will be realised through measures such as Energy Internet of Things, big data analysis and artificial intelligence to monitor and analyse the equipment of the power plants and implement centralised monitoring for the areas where power plant groups locate. In addition, the application of the Group's POWER$^+$ system will expand into fields including distributed photovoltaic power plants, poverty alleviation power plants and user energy storage, in order to provide supply and management services of energy and other derivative services.

6. Explore and develop new businesses and exploit new growth points for profit

In 2019, the Group will continue to make efforts in pre-development and pipeline of distributed wind power and distributed photovoltaic power projects and construct high-quality plants.

During the Year, the Group will further explore its development paths by acquiring talents in energy storage, accumulating experience in energy storage, establishing a technical team in energy storage and continue to pick up pipeline projects of energy storage. In addition, the Group will explore business models of integrated energy services based on intelligent micro-grids.
In terms of financial leasing business, the Group will continue to improve its business and financing capability. In addition to the conventional wind power and photovoltaic power projects, efforts will be made in developing financial leasing for projects including energy storage and frequency regulation. In the meantime, the leasing companies will actively promote the development of the Group in businesses including energy storage, operation and maintenance as well as energy Internet of Things.

7. Enhance asset operational management and optimise asset and liability structure

The Group will continuously improve its ability of sustainable development and risk management, enhance asset management, improve investment and financing systems, strengthen overall budget and fund management, enhance financial risk warning and optimise asset and liability structure, in order to ensure that the gearing ratio of the Group remains at a reasonable level.

In 2019, all the staff of the Group will work very hard together to develop and innovate, and strive for the Group's improvements in both quality and efficiency. The Group will become a world-class renewable energy power generation enterprise, providing more clean energy to the society and creating more value for our Shareholders and investors.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's independent 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 or 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$0.02 per ordinary share in respect of the year ended 31 December 2018 (2017: HK$0.01), 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$170,254,300 (equivalent to approximately RMB149,176,817). It is expected that the final dividend will be paid out before end of June 2019.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 2018, the Company repurchased a total of 164,080,000 ordinary shares of the Company for an aggregate consideration of HK$51,160,000 (equivalent to approximately RMB45,250,000) 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.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2018, 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 2018.

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 2018 have been reviewed by the Audit Committee.

CHANGE OF NON-EXECUTIVE DIRECTOR

The Board of the Company announces that with effect from 28 February 2019, Mr. Wu Shaohua has resigned as a non-executive director of the Company.

Mr. Wu tendered his resignation as a non-executive director of the Company due to his other business engagement.

Mr. Wu has confirmed that he has no disagreement with the Board and there are no matters that needed to be brought to the attention of the shareholders of the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in relation to his resignation.

The Board would like to express its sincere appreciation to Mr. Wu for his contribution to the Group during his tenure of office.

The Board is pleased to announce that with effect from 28 February 2019, Mr. Wang is appointed as a non-executive director of the Company.

Mr. Wang Feng, aged 49, holds a Master's degree in North China Electric Power University. Mr. Wang is currently the General Manager of Planning and Investment Department of Huadian Fuxin Energy Corporation Limited ("Huadian Fuxin").

Mr. Wang will enter into a letter of appointment as a non-executive director with the Company for an initial term of 1 year. Mr. Wang, as a director will be subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the bye-laws of the Company. Mr. Wu will be entitled to receive a monthly remuneration of HK$18,000. Such remuneration is determined by reference to his duties and responsibilities with the Company and the prevailing market condition and will be subject to review by the remuneration committee of the Company and the Board from time to time.

Saved as disclosed above, Mr. Wang (i) does not have any relationship with any directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interests in the shares of the Company within the meaning of Part XV of the SFO; and (iii) does not have any directorship in other listed public companies in the past three years.

Saved as disclosed above, there is no other information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Wang's appointment.

We take this opportunity to welcome Mr. Wang to the Board.

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, 28 February 2019

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 and Dr. Shang Li (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).