Concord New Energy Group Limited
協合新能源集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 182)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021, together with the comparative figures for the year ended 31 December 2020. 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 2021
(Expressed in Renminbi ("RMB"))

	Note	**2021** **RMB'000**	2020 RMB'000
Revenue	*2,3*	**2,183,048**	2,000,754
Cost of sales and services rendered		**(872,792)**	(759,700)
Gross profit		**1,310,256**	1,241,054
Other income		**82,735**	41,341
Other gains and losses, net	*4*	**153,563**	116,327
Impairment losses under expected credit loss model, net of reversal	*5*	**27,550**	(10,899)
Distribution and selling expenses		**(12,708)**	(12,335)
Administrative expenses		**(337,598)**	(322,720)
Finance costs	*6*	**(446,120)**	(404,420)
Share of profit of joint ventures, net		**134,246**	118,265
Share of profit/(loss) of associates, net		**18,265**	(3,987)
Profit before income tax		**930,189**	762,626
Income tax expense	*7*	**(121,733)**	(78,418)
Profit for the year		**808,456**	684,208
Profit for the year attributable to:			
Equity shareholders of the Company		**778,476**	673,405
Non-controlling interests		**29,980**	10,803
		808,456	684,208
Earnings per share			
Basic *(RMB cents)*	*8(a)*	**9.35**	8.18
Diluted *(RMB cents)*	*8(b)*	**9.28**	7.86

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in RMB)

	2021	2020
	RMB'000	*RMB'000*
Profit for the year	**808,456**	684,208
Other comprehensive income :		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**9,594**	26,852
Other comprehensive income for the year, net of tax	**9,594**	26,852
Total comprehensive income for the year	**818,050**	711,060
Total comprehensive income attributable to:		
Equity shareholders of the Company	**787,429**	698,296
Non-controlling interests	**30,621**	12,764
	818,050	711,060

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**11,840,303**	9,335,866
Right-of-use assets		**530,534**	503,990
Intangible assets		**817,455**	874,259
Interests in associates		**510,030**	476,814
Interests in joint ventures		**1,273,201**	1,509,941
Financial assets at fair value through profit or loss		**76,631**	50,416
Contract assets	*10*	**-**	48,126
Prepayments, deposits and other receivables		**1,354,914**	988,712
Finance lease receivables		**91,426**	18,814
Loan receivables		**49,663**	20,248
Deferred tax assets		**37,738**	37,650
		16,581,895	13,864,836
Current assets			
Inventories		**27,679**	12,148
Contract assets	*10*	**345,848**	669,655
Trade and bills receivable	*11*	**1,795,948**	1,148,588
Prepayments, deposits and other receivables		**981,583**	1,098,489
Finance lease receivables		**17,171**	5,326
Loan receivables		**9,909**	9,146
Amounts due from associates		**84,758**	77,860
Amounts due from joint ventures		**29,184**	34,164
Financial assets at fair value through profit or loss		**10,000**	-
Cash and cash equivalents		**3,510,470**	2,280,459
Restricted deposits		**640,967**	327,610
		7,453,517	5,663,445
Total assets		**24,035,412**	19,528,281
LIABILITIES			
Non-current liabilities			
Bank borrowings		**765,496**	1,336,002
Other borrowings		**8,786,142**	5,834,431
Senior notes		**544,107**	552,803
Convertible loan		**-**	355,270
Lease liabilities		**77,066**	65,552
Deferred tax liabilities		**38,089**	4,626
Deferred government grants		**5,215**	14,693
Payables for construction in progress, other payables and accruals		**541,364**	518,552
Financial guarantee contract liabilities		**17,115**	22,542
		10,774,594	8,704,471

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
AS AT 31 DECEMBER 2021
(Expressed in RMB)

	Note	**2021** **RMB'000**	2020 *RMB'000*
Current liabilities			
Trade and bills payable	*12*	**1,078,538**	959,970
Payables for construction in progress, other payables and accruals		**3,016,253**	1,779,996
Contract liabilities		**139,301**	63,681
Amounts due to joint ventures		**155**	4,873
Bank borrowings		**526,106**	171,245
Other borrowings		**861,763**	412,819
Senior notes		**17,029**	811,215
Convertible loan		**-**	76,395
Lease liabilities		**11,411**	10,562
Financial guarantee contract liabilities		**7,319**	8,599
Current income tax liabilities		**49,462**	29,953
		5,707,337	4,329,308
Total liabilities		**16,481,931**	13,033,779
Net current assets		**1,746,180**	1,334,137
Total assets less current liabilities		**18,328,075**	15,198,973
Net assets		**7,553,481**	6,494,502
EQUITY			
Share capital	*13*	**77,499**	72,412
Reserves		**7,327,369**	6,347,456
Total equity attributable to equity shareholders of the Company		**7,404,868**	6,419,868
Non-controlling interests		**148,613**	74,634
Total equity		**7,553,481**	6,494,502

NOTES

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The HKICPA has issued the amendments to HKFRSs. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest rate benchmark reform - phase 2*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. Other than the amendment to HKFRS 16, the group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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;

- Intelligent operation and maintenance segment - provision of operation and maintenance, asset management, overhaul and wind turbine commissioning service for wind and solar power plants;

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

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest and income tax. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments.

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

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

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.

Following the change in the composition of the Group's operating segments that results in a change in reportable segments during the current year, previously reported segment information is restated accordingly.

	Power generation *RMB'000*	**Intelligent operation and maintenance** *RMB'000*	**Others** *RMB'000*	**Segment total** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2021						
Segment revenue						
Sales to external customers*	**1,736,350**	**244,834**	**201,864**	**2,183,048**	**-**	**2,183,048**
Inter-segment revenues	**-**	**63,919**	**934,237**	**998,156**	**(998,156)**	**-**
	1,736,350	**308,753**	**1,136,101**	**3,181,204**	**(998,156)**	**2,183,048**
Segment results	**1,099,771**	**26,690**	**5,003**	**1,131,464**		**1,131,464**
Unallocated other gains and losses, net						**181,113**
Unallocated income						**56,145**
Unallocated expenses						**(8,528)**
Finance income						**16,115**
Finance costs						**(446,120)**
Profit before income tax						**930,189**
Income tax expense						**(121,733)**
Profit for the year						**808,456**
At 31 December 2021						
Segment assets	**21,275,208**	**320,156**	**2,236,737**	**23,832,101**		**23,832,101**
Unallocated assets						**203,311**
Total assets						**24,035,412**
Segment liabilities	**(14,909,021)**	**(127,663)**	**(1,060,252)**	**(16,096,936)**		**(16,096,936)**
Unallocated liabilities						**(384,995)**
Total liabilities						**(16,481,931)**

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB1,544,084,000 and RMB192,266,000 respectively.*

	Power generation *RMB'000*	Intelligent operation and maintenance *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020						
Segment revenue						
Sales to external customers*	1,728,443	154,316	117,995	2,000,754	-	2,000,754
Inter-segment revenues	-	75,867	475,878	551,745	(551,745)	-
	1,728,443	230,183	593,873	2,552,499	(551,745)	2,000,754
Segment results	991,606	38,820	3,666	1,034,092		1,034,092
Unallocated other gains and losses, net						105,428
Unallocated income						30,376
Unallocated expenses						(13,814)
Finance income						10,964
Finance costs						(404,420)
Profit before income tax						762,626
Income tax expense						(78,418)
Profit for the year						684,208
At 31 December 2020						
Segment assets	16,348,975	198,681	2,869,729	19,417,385		19,417,385
Unallocated assets						110,896
Total assets						19,528,281
Segment liabilities	(11,197,561)	(44,737)	(1,332,067)	(12,574,365)		(12,574,365)
Unallocated liabilities						(459,414)
Total liabilities						(13,033,779)

**Revenue from power generation comprised revenue generated from wind power plants and solar power plants of RMB1,385,295,000 and RMB343,148,000 respectively.*

For the year ended 31 December 2021
Other segment information

	Power generation *RMB'000*	Intelligent operation and maintenance *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	**6,084,610**	**11,857**	**5,511**	**-**	**6,101,978**
Depreciation of property, plant and equipment	**431,456**	**8,120**	**11,343**	**-**	**450,919**
Amortization of other intangible assets and depreciation of right-of-use assets	**33,073**	**-**	**4,586**	**-**	**37,659**
Share-based compensation	**7,937**	**118**	**826**	**-**	**8,881**
Interests in joint ventures and associates	**1,731,864**	**-**	**51,367**	**-**	**1,783,231**
Share of profit/(loss) of joint ventures and associates, net	**153,093**	**-**	**(582)**	**-**	**152,511**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss :					
Loss /(gain) on disposal of property, plant and equipment	**379**	**203**	**(189)**	**-**	**393**
Reversal of impairment loss on trade receivables	**-**	**-**	**(5,485)**	**-**	**(5,485)**
Reversal of impairment loss on other receivables	**(9,956)**	**-**	**(12,109)**	**-**	**(22,065)**
Finance income	**(2,087)**	**(80)**	**(13,948)**	**-**	**(16,115)**
Finance costs	**437,339**	**219**	**8,562**	**-**	**446,120**
Income tax expense	**90,041**	**2,352**	**29,340**	**-**	**121,733**

For the year ended 31 December 2020
Other segment information

	Power generation *RMB'000*	Intelligent operation and maintenance *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	3,007,188	22,733	2,987	-	3,032,908
Depreciation of property, plant and equipment	473,073	8,353	13,706	-	495,132
Amortization of other intangible assets and depreciation of right-of-use assets	36,252	-	4,628	-	40,880
Share-based compensation	12,805	154	2,220	-	15,179
Interests in joint ventures and associates	1,967,156	-	19,599	-	1,986,755
Share of profit/(loss) of joint ventures and associates, net	131,852	-	(17,574)	-	114,278
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Loss /(gain) on disposal of property, plant and equipment	3,960	(4)	283	-	4,239
Write-down of inventories	-	-	3,669	-	3,669
Write-down of property, plant and equipment	2,123	-	21,304	-	23,427
Reversal of impairment loss on contract assets	(635)	-	-	-	(635)
Reversal of impairment loss on trade receivables	(5,182)	-	(1,454)	-	(6,636)
Impairment loss on other receivables	3,359	-	13,611	-	16,970
Impairment loss on amounts due from joint ventures	-	-	1,200	-	1,200
Finance income	(1,223)	(37)	(9,704)	-	(10,964)
Finance costs	395,083	-	9,337	-	404,420
Income tax expense	57,770	7,106	13,542	-	78,418

(b) Geographical segments

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

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

	Revenue		**Non-current assets**	
	Year ended 31 December 2021	Year ended 31 December 2020	**At 31 December 2021**	At 31 December 2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**2,160,002**	1,975,023	**15,706,885**	12,797,720
Others	**23,046**	25,731	**334,477**	700,043
	2,183,048	2,000,754	**16,041,362**	13,497,763

(c) Information about major customers

Three (2020: Four) external customers individually contribute more than 10% of the total revenue of the Group. The revenue of these customers is summarised below:

	2021	2020
	RMB'000	*RMB'000*
Customer A	**392,610**	264,079
Customer B	**366,890**	240,335
Customer C	**252,364**	258,087
Customer D	**N/A***	215,228

Revenue from customers above are attributable to power generation segment.

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

3 Revenue

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of electricity:		
Basic electricity price	**1,208,808**	1,019,897
Renewable energy subsidy	**527,542**	708,546
Engineering, procurement and construction	**201,734**	52,605
Power plant operation and maintenance services	**196,531**	128,950
Provision of technical and consultancy services	**16,447**	46,257
Provision of design services	**10,284**	14,541
Provision of agency service on sale of equipment	**7,115**	16,739
Other revenue	**511**	2,227
	2,168,972	1,989,762
Finance lease income	**14,076**	10,992
Total revenue	**2,183,048**	2,000,754

4 Other gains and losses, net

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

	2021	2020
	RMB'000	*RMB'000*
Gain on disposal/liquidation of subsidiaries , net	**259,766**	85,931
(Loss) /gain on disposal/de-registration of joint ventures and associates, net	**(27,254)**	24,594
Fair value gains on financial assets at FVTPL	**78,154**	21,888
Exchange (loss) /gain, net	**(1,348)**	21,824
Fair value losses on derivative component of convertible loan	**(172,636)**	(5,771)
Gain on redemption of convertible loan	**28,524**	-
Write-down of property, plant and equipment	**-**	(23,427)
Write-down of inventories	**-**	(3,669)
Loss on disposal of property, plant and equipment	**(393)**	(4,239)
Donation	**(3,530)**	(1,030)
Others	**(7,720)**	226
	153,563	116,327

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

	2021	2020
	RMB'000	*RMB'000*
Impairment loss reversed on contract assets	**-**	(635)
Impairment loss reversed on trade receivable	**(5,485)**	(6,636)
Impairment loss (reversed) /recognized on other receivables	**(22,065)**	16,970
Impairment loss recognized on amounts due from joint ventures	**-**	1,200
	(27,550)	10,899

6 Finance costs

	2021 *RMB'000*	2020 *RMB'000*
Interest expenses on:		
— Bank borrowings	**45,062**	158,466
— Other borrowings	**414,173**	300,531
— Senior notes	**68,608**	116,905
— Convertible loan	**36,950**	41,734
— Lease liabilities	**4,685**	3,606
	569,478	621,242
Less: Interest capitalised	**(123,358)**	(216,822)
	446,120	404,420

7 Income tax expense

	2021 *RMB'000*	2020 *RMB'000*
Current tax		
— PRC corporate income tax	**69,498**	79,107
— PRC withholding tax	**26,661**	11,090
(Over) / under - provision in prior years:		
PRC corporate income tax	**(1,029)**	4,172
Deferred tax	**26,603**	(15,951)
	121,733	78,418

8 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company of RMB778,476,000 (2020: RMB673,405,000) by the weighted average number of 8,325,227,000 (2020: 8,229,548,000) ordinary shares in issue during the year, after adjusting the effect of conversion of converted loans and shares repurchased and held under the Company's share award scheme.

The calculation of the weighted average number of ordinary shares is as follows:

	2021 *000'shares*	2020 *000'shares*
Issued ordinary shares at 1 January	**8,366,855**	8,504,575
Effect of shares converted	**87,455**	-
Effect of shares repurchased/unvested	**(129,083)**	(275,027)
Weighted average number of shares in issue	**8,325,227**	8,229,548

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the share award scheme and the convertible loans.

	2021	2020
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**778,476**	673,405
Effect of dilutive potential ordinary shares:		
Adjustments on convertible loan	**-**	47,505
Earnings for the purpose of diluted earnings per share	**778,476**	720,910

	2021	2020
	000'shares	*000'shares*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,325,227**	8,229,548
Effect of dilutive potential ordinary shares:		
Share award scheme	**64,732**	79,515
Convertible loan	**-**	862,610
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,389,959**	9,171,673

9 Dividend

	2021	2020
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2020 Final – HK$0.03 (2019: HK$0.025) per share	**208,857**	190,971

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2021 of HK$0.03 per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming general meeting (2020: final dividend in respect of the year ended 31 December 2020 of HK$0.03 per ordinary share has been proposed by the directors of the Company and approved by the shareholders at the general meeting held on 21 May 2021).

10 Contract Assets

	2021	2020
	RMB'000	*RMB'000*
Tariff adjustment amounts	**62,696**	329,385
Retention money	**254,758**	374,504
Construction contracts	**28,394**	13,892
	345,848	717,781
Impairment loss on contract assets	**-**	-
	345,848	717,781
Analysed for reporting purposes as:		
Current assets	**345,848**	669,655
Non-current assets	**-**	48,126
	345,848	717,781

11 Trade and bills receivable

	2021	2020
	RMB'000	*RMB'000*
Trade receivable, at amortized cost	**444,791**	237,437
Tariff adjustment receivable, at amortized cost	**1,270,491**	777,749
Bills receivable, at FVTPL	**85,164**	143,385
	1,800,446	1,158,571
Impairment loss on trade receivable	**(4,498)**	(9,983)
	1,795,948	1,148,588

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

As at 31 December 2021, the ageing analysis of the trade receivable, net of allowance for credit losses, presented based on invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**321,425**	181,130
3 to 6 months	**83,135**	21,611
6 to 12 months	**18,084**	6,251
1 to 2 years	**5,877**	17,536
Over 2 years	**11,772**	926
	440,293	227,454

An ageing analysis of the tariff adjustment receivable, net of allowance for credit losses, based on the revenue recognition date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**155,023**	87,171
3 to 6 months	**174,391**	68,329
6 to 12 months	**246,371**	374,667
Over 1 year	**694,706**	247,582
	1,270,491	777,749

12 Trade and bills payable

	2021	2020
	RMB'000	*RMB'000*
Trade payable	**473,568**	533,037
Bills payable	**604,970**	426,933
	1,078,538	959,970

An ageing analysis of the trade payable, based on invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**66,186**	102,595
3 to 6 months	**44,233**	9,950
6 to 12 months	**2,451**	10,519
1 to 2 years	**10,069**	55,786
Over 2 years	**350,629**	354,187
	473,568	533,037

13 Share capital

Ordinary shares issued of HK$0.01 each:

	No. of shares	**Nominal value**
	000'shares	*RMB'000*
As at 1 January 2021	8,366,855	72,412
Conversion of convertible loans into ordinary shares *(Note)*	**618,474**	**5,087**
As at 31 December 2021	**8,985,329**	**77,499**

Note:

During the year, IFC and Goldman Sachs, the holders of convertible loans issued by the Company, converted 93,480,000 shares on 1 September, 93,397,000 shares on 6 October, 337,969,000 shares on 26 November，93,628,000 shares on 23 December 2021 respectively, a total of 618,474,000 ordinary shares of the company were increased.

MANAGEMENT DISCUSSION AND ANALYSIS

I.BUSINESS ENVIRONMENT

In 2021, economies of different countries of the world were still affected by the COVID-19 epidemic to various degrees, with varying degrees of economic impact across countries. The COVID-19 variants have delayed the progress of the outbreak control. The epidemic is expected to pose a great challenge to the recovery of the world economy in 2022.

In November 2021, the 26th United Nations Climate Conference concluded the Glasgow Climate Convention, This will place higher demands on various countries' carbon emissions, requiring them to accelerate their energy transformation from fossil fuels to clean energy. More companies will be involved in the new energy sector. International Energy Agency (IEA) estimated the global installed capacity to be 290GW, an increase of 3% compared with the same period in 2020.

In order to continue to promote the high-quality development of wind power and photovoltaic (PV) power generation and to effectively promote the implementation of the dual-carbon target, the National Energy Administration of China (NEA) has proposed to establish a long-term mechanism in three areas: a mechanism to guide the weight of consumption responsibility, a mechanism for multiple guarantees for grid connection and a mechanism for competitive allocation of guaranteed grid connection. This will give the industry and enterprises a clearer expectation, enhance the confidence of the market entity and promote the large-scale, high-ratio and high-quality development of wind power and PV power generation.

The year 2021 was the first year in which wind and PV power generation entered the era of grid parity. Despite the impact of the pandemic in various places and numerous obstacles encountered by the construction projects, the installed capacity of wind power and PV still increased significantly throughout the year. The actual scale of wind power installations in China far exceeded expectations, reaching 47.57 GW, while the scale of PV installations reached a record high of 54.88 GW. According to the NEA, the average utilization hours of wind power in China for the year was 2,246 hours, an increase of 149 hours year-on-year, while the average utilization hours of PV power in China was 1,163 hours, an increase of 3 hours year-on-year. At the same time, based on the requirements for carbon emissions, green certificate trading has also made new progress.

(1) Wind Power and PV Power Generation Technologies Continued to Advance, Driving down the Levelised Cost of Electricity (LCOE)

During the Year, wind power technology continued to develop in the direction of large capacity, high tower, long blades, low wind speed and intelligentization to meet the economic needs of power plant investment under different development conditions. The increase in unit capacity and longer blades will effectively improve power generation performance, increase electricity generation and contribute to lower LCOE. The price of wind turbine equipment has dropped significantly during the Year, from approximately RMB 3,000/kW in early 2021 to under RMB 2,000/kW by the end of 2021, breaking the world's history of wind turbines’ annual drop rate. In terms of models, the capacity of onshore wind turbines has increased significantly. A large number of 5MW models have been broadly adopted and there were also 6MW onshore models that have completed installation in 2021.

The conversion efficiency of PV modules continued to improve during the Year. Mono-crystalline technologies were diversified, with large-sized cells being launched and the steadily improving industrialisation of advanced cell technologies such as heterojunction and calcium titanium ore, larger and thinner silicon wafers, higher power modules and double-sided double-glass modules have become the development trend. During the Year, PV modules prices rose in the second half of the year and remained firm due to rising silicon prices and an expected increase in market demand. Currently, China has the most complete PV industry chain in the world. Technological advances and increased supply will continue to be effective in driving down the LCOE of PV electricity.

With the significant increase in installed capacity of energy storage, energy storage technology is also progressing rapidly. There are abundant means of technology with focuses on various applicable scenarios. Having obvious advantages in promoting the consumption of new energy and providing the flexibility for grid connection, electrochemical energy storage is developing rapidly

(2) Clear direction of electricity market reform and comprehensive promotion of market-based electricity trading

In October 2021, the Chinese government officially liberalised industrial and commercial electricity tariffs and coal-fired on-grid tariffs. On 28 January 2022, the National Development and Reform Commission of the People's Republic of China (NDRC) officially issued the "Guiding Opinions on Accelerating the Construction of a Nationwide Unified Electricity Market System", which clearly sets out the overall objectives of the electricity market system. By 2025, a nationwide unified electricity market system will be completed initially, an early form of market trading and pricing mechanism conducive to the development of new energy and energy storage will emerge. By 2030, China's unified electricity market system will be basically completed; it will meet the requirements of the new power system; and electricity resources will be further optimised and allocated nationwide. Against the backdrop of China's accelerated promotion of the "dual carbon" target, strengthening the construction of a unified national electricity market will help fully utilise the decisive role of the market mechanism in price formation, price transmission and resource allocation, rationalise the relationship between the market and the government, and promote the transformation of the whole society towards green and low carbon.

(3) Gradual Withdrawal of Subsidies and Full Implementation of Grid Parity

During the Year, NDRC issued relevant documents, clarifying that from 2021, new submissions for centralised, industrial and commercial distributed PV and newly approved onshore wind power projects will no longer receive subsidies from the central government; starting from 2022, new household distributed PV projects will no longer receive subsidies from the central government. The development of the wind power and PV industries has entered a full-scale grid parity stage. Financial subsidies will be abandoned to enable market-oriented and competitive development.

(4) The Carbon Emission Trading Market is Officially Opened, and the Trading of Green Certificates for Non-subsidised Projects is Launched.

During the Year, the China Carbon Emissions Trading Market was officially launched, becoming the world's largest carbon emissions trading market covering greenhouse gas emissions. With the global consensus on carbon emission control, the dual carbon targets in China will be gradually promoted, and the scarcity of carbon emission rights and the mandatory carbon tax in Europe will drive the value of carbon assets significantly higher in the future. In the future, as China's carbon market expands, the annual coverage of carbon emissions will increase in multiple fold and the demand for CCERs will further increase, making it urgent to restart the application process.

On 31 May 2021, I-REC issued its latest policy, which restricts the registration of I-RECs to non-subsidised projects. China is also in the process of establishing its own green certificate system. With the introduction of the global carbon neutrality target, and the concept of low carbon development continuing to grow internationally and domestically, the demand for green electricity consumption is becoming increasingly urgent, which will further guide the community in green electricity consumption. In addition, the environmental benefits gained through green certificate trading will provide strong support for the development of new energy in the era of grid parity, help increase the willingness of social capital to invest in renewable energy, and help achieve the goal of carbon peaking and carbon neutrality.

(5) Growth of Energy Storage Explodes, Boosting Renewable Energy Consumption

Under the global new energy wave, energy storage is becoming a key part of the energy revolution. The application scenarios of the energy storage industry are expanding continuously. In 2021, the world added 12GW of new energy storage capacity, reaching a total of 29GW, of which China added more than 3GW of new energy storage capacity, reaching a total of 7GW. In July of 2021, NDRC and NEA issued the "Guiding Opinions on Accelerating the Development of New Energy Storage", which put forward a series of general ideas on the development of energy storage. For the first time, the target for the development of the energy storage industry was clarified, and by 2025, the scale of new energy storage installations will reach over 30GW, setting the tone for the development of the energy storage industry from the early stages of commercialisation to scale. According to the plan, by 2025, the scale of China's new energy storage market will expand by about 10 times compared with the level at the end of 2020. Energy storage is still expected to grow significantly in 2022. While with the advancement of energy storage technology, it is expected to drive down the price of energy storage equipment.

(6) Continued Deepening of LPR Reform and Continued Easing in the Credit Environment

On the financial front, to counter the impact of the COVID-19 pandemic, central banks around the world have adopted a more accommodative monetary policy. 2021 saw the Central Bank of China lower its deposit reserve ratio twice, releasing 2.2 trillion yuan in long-term funds. By continuously deepening the LPR reform, smoothing the transmission of monetary policy and enhancing the competitiveness of the credit market, People’s Bank of China effectively pushed the real lending rate to continue to decrease steadily from the significant decrease in the previous year. The corporate lending rate for the year 2021 was 4.61%, the lowest level in over 40 years.

II. BUSINESS REVIEW

In 2021, the Group insisted the scientific based epidemic prevention and control measures. During the Year, there was no incident of the Group’s domestic employees contracting COVID-19 virus, ensuring the health and safety of all employees.

During the Year, the Group continuously accelerated the progress of project development and construction, further increased its project reserves, maintained the stable growth of installed capacity, and continuously increased the power generation and profit from power generation. The Group continued to optimise its assets and further reduced the reliance on renewable energy subsidies to continuously increase the asset quality and achieve positive growth. During the Year, the Group continued its aggressive development in the service business to seize market opportunities, strengthening its capabilities on the one hand and developing the market on the other, so to foster its core competitive advantages to actively develop service business such as intelligent O&M, financial leasing and design consultation in coordination with the capital market.

During the Year, the Group materialized a total revenue of RMB 2,183,048,000 (2020: RMB 2,000,754,000), accounting for 9.1% increase over the same period of last year. Profit attributable to equity shareholders of the Group amounted to RMB 778,476,000(2020: RMB 673,405,000), representing 15.6% increase over the same period of last year. The basic earnings per share were RMB 9.35 cents (2020: RMB 8.18 cents); and the diluted earnings per share amounted to RMB 9.28 cents (2020: RMB 7.86 cents).

As of 31 December 2021, the net assets of the Group amounted to RMB 7,553,481,000(31 December 2020: RMB 6,494,502,000) and its net assets per share was RMB 0.84 (31 December 2020: RMB 0.78).

(1) Further Success in Power Plant Construction and Aggressive Expansion of Project Development

i. Newly Installed Capacity in Operation Recorded a New High

Since the beginning of the year, all projects have been prepared for the possible impact of the epidemic and measures have been taken to deal with any unexpected problems. The Group closely followed the relevant policy and paid close attention to the handling of compliance procedures during the construction period. The construction time was advanced, enhancing working efficiency through integrated management to further shorten the construction cycle. In 2021, a total of 586MW projects commenced construction and operation within the same year, which included projects with individual wind power project size reaching 200MW. Through the Group’s early planning, the Group took full advantage of the stabilization period of the epidemic and opened up equipment transfer sites, coordinating with equipment manufacturers to speed up the arrival of mainframe equipment for equipment storage, thereby effectively ensuring the uninterrupted construction of projects during epidemic prevention and control period. Although the grid connection timetable for certain project lagged behind schedule, the above strategy safeguarded the realization of grid connection target of key projects, with the capacity of new projects to be put into production reaching another historic high. The Group still maintained the steady growth of installed capacity while transferring a large number of renewable energy subsidized projects.

For the Year, the size of the Group's projects under construction hit a record, with a total constructed capacity of 1,833.5MW (2020: 1,050MW). During the reporting period, the Group had 13 subsidiary-owned new power plants in operation with a total installed capacity of 873.5MW, of which, 10 were wind power plants (633.5 MW in total), and 3 were PV power plants (240 MW in total).

As of 31 December 2021, the Group owned equity interest of 70 grid-connected wind power and PV power plants with a total installed capacity of 3,708 MW (2020: 3,504 MW), and an attributable installed capacity of 2,768 MW. Among them, 54 were wind power plants with an installed capacity of 3,313 MW (2020: 3,340 MW) and an attributable installed capacity of 2,387 MW, and 16 were PV power plants with an installed capacity of 394 MW (2020: 163 MW), and an attributable capacity of 381 MW. As at the end of the reporting period, the attributable installed capacity of the Group’s invested non-subsidised projects has reached 1,152MW, accounting for 41.6% of the Group's attributable installed capacity.

As of 31 December 2021, the Group had 44 subsidiary-owned grid-connected wind power and PV power plants with a total installed capacity of 2,137 MW. Among these, 29 were wind power plants with an installed capacity of 1,763 MW, and 15 were PV power plants with an installed capacity of 374 MW.

Attributable Installed Capacity (MW)

	The Group's Invested Power Plants			The Group's Subsidiary-owned Power Plants		
Business Segments	**2021**	**2020**	**Change Rate**	**2021**	**2020**	**Change Rate**
Wind Power	**2,387**	**2,263**	**5.5%**	**1,763**	**1,543**	**14.3%**
PV Power	**381**	**150**	**154.0%**	**374**	**143**	**161.5%**
Total	**2,768**	**2,413**	**14.7%**	**2,137**	**1,686**	**26.7%**

ii. Active Expansion of Project Types

During the Year, the Group formulated scientific-based development strategies applying different strategies according to local conditions in different provinces, the Group adopted a more flexible means of development in various modes of cooperation, to improve its ability to secure projects. Meanwhile, the Group actively expanded project types and achieved outstanding results. During the Year, the development of the Group's first integrated PV storage project and shared energy storage project were completed. Meanwhile, the Group increased the efforts in the development of high-quality distributed PV power and distributed wind power, and secured the right to develop some of the distributed PV power projects in the whole county.

During the Year, the Group secured 8 projects in 7 provinces in China with total construction indicators of 941 MW. There were 10 newly approved (recorded) projects, with a total capacity of 1,340 MW, including 3 wind power projects (500 MW in total), 6 PV projects (750 MW in total) and 1 energy storage project (90 MW in total). The construction indicators obtained and newly approved projects during the Year were all grid parity projects, which provided sufficient guarantee for the Group's strategy of replacing renewable energy subsidized projects with grid parity projects and the Group's sustainable development.

The Group strengthened its expansion in and management of resources and continued to expand resource reserves. During the Year, the Group entered into contracts for a total of 15.83 GW of wind and PV resources across 16 provinces in China, of which approximately 6.3 GW were wind power projects and approximately 9.53 GW were PV power projects. Meanwhile, effective investigation and dynamic management of resources were launched to ensure the Group's sustainable development.

(2) Reduction of the Reliance on Subsidies through Continuous Asset Optimization

During the Year, the Group continued to optimise asset and improve asset quality, to constantly reduce the reliance on renewable energy subsidies and improve cash flow. The Group continued to track the economic benefits of existing power plants, strengthen the monitoring and analysis of cash flow and debt indicators, as well as dynamically analyze, identify, so as to increase the returns for shareholders and support the steady development of the Group.

In 2021, the Group has actively explored strategic partners and has reached an agreement with Three Gorges Renewables, Zhonghe Huineng and SPIC, etc. to achieve a win-win situation. The Group sold certain renewable energy power plants with a total installed capacity attributable to the Group of 518.5MW, with aggregated receipts amounting to RMB 1,954 million. Such sales of the power plants decreased the renewable energy subsidy receivables and contract assets by RMB 205 million in total, which effectively reduced the reliance on renewable energy subsidies, improved cash flow and asset quality as well as lowered the financial risks.

(3) Expanding the Financing Channels of the Group to Reduce Financing Costs

During the Year, the Group actively broadened its financing channels by establishing comprehensive credit facilities in a number of banks to increase the proportion of banking facilities, with newly added subsidiary and offshore loan facilities, which significantly reduced its financing costs. Meanwhile, the Group has diversified its financing model, adopted a more flexible financing method and proactively took opportunities to carry out financing replacement to increase the proportion of project loans, so as to further reduce finance costs and increase the net return on equity of power plants. During the Year, 32 new financing contracts were signed, of which 25 were for project financing and 7 were for subsidiary and offshore loan financing.

As at the end of 2021, the Group's liability-to-asset ratio was 68.6% (31 December 2020: 66.7%).

(4) Power Plants Remained Stable in Production, Ensuring Steady Improvement in Efficiency

i. Stable Production of Power Plants and Robust Growth of Wind Power Plants

During the Year, the Group overcame the impact brought by the epidemic by planning in advance and safeguarded the production of newly added power plants. The attributable power generation of the Group's invested power plants achieved a significant growth and recorded an increase of 10.0% over the same period of last year, with the amount of power generated by subsidiary-owned power plants increased by 13.7%. The power generation by subsidiary-owned wind power plants had a year-on-year increase of 20.5%. The relatively strong growth was mainly due to the improved quality of the newly added wind power plants and the increased installed capacities. Due to project disposal and the decrease of installed capacity, the annual attributable power generation of subsidiary-owned PV power generation had a year-on-year decrease of 33.3%.

Attributable Power Generation Output (GWh)

	The Group's Invested Power Plants			The Group's Subsidiary-owned Power Plants		
Business Segments	**2021**	**2020**	**Change Rate**	**2021**	**2020**	**Change Rate**
Wind Power	**4,930.7**	**4,310.2**	**14.4%**	**3,541.6**	**2,939.1**	**20.5%**
PV Power	**293.8**	**439.7**	**-33.2%**	**282.4**	**423.3**	**-33.3%**
Total	**5,224.5**	**4,750.0**	**10.0%**	**3,824.0**	**3,362.4**	**13.7%**

ii. Remarkably Longer Utilization Hours of Wind Power Plants with a Decline in Power Curtailment Rate

In 2021, the Group continued to optimise its asset quality through disposing power plants with lower utilisation hours. Also, by carrying out efficiency improvements and technological transformation on wind turbines, strengthening refined management. favourable sources and the improved delivery capacity of domestic power grids, the operation quality of the Group's power plants has been improved significantly, and the average utilization hours of the wind power plants have continuously increased. The weighted average utilization hours of the Group's invested wind power plants reached 2,411, representing an increase of 170 hours over the same period of last year, which was higher than the national average level (2,246 hours) by 165 hours. The weighted average utilization hours of subsidiary-owned wind power plants was 2,697, representing an increase of 193 hours over the same period of last year, which was 451 hours higher than the national average.

In 2021, the weighted average utilization hours of the Group's invested PV power plants was 1,458, which was 295 hours higher than the national average(1,163 hours).

Weighted Average Utilization Hours (Hour)

	The Group's Invested Power Plants			The Group's Subsidiary-owned Power Plants		
Business Segments	**2021**	**2020**	**Change Rate**	**2021**	**2020**	**Change Rate**
Wind Power	**2,411**	**2,241**	**7.6%**	**2,697**	**2,504**	**7.7%**
PV Power Plants	**1,458**	**1,452**	**0.4%**	**1,420**	**1,436**	**-1.1%**

In 2021, the power curtailment rate of the Group's invested power plants improved, with a year-on-year decrease on wind power curtailment rate and a slight increase on PV power curtailment rate. The consolidated wind power curtailment rate of the Group's invested wind power plants was 3.2%, representing a decrease of 1.4% as compared with the same period last year, out of which the consolidated wind power curtailment rate of subsidiary-owned wind power plants was 2.8%, representing a decrease of 2 percentage points as compared with the same period of last year.

In 2021, the curtailment rate of the Group's invested wind power plants was 2.9%, representing a year-on-year decrease of 1.1 percentage points. The curtailment rate of subsidiary-owned wind power plants was 2.1%, representing a year-on-year decrease of 1.9 percentage points. The curtailment rate of PV power plants in which the Group's invested and held equity slightly increased, , mainly attributable to the disposal of PV projects not subject to power curtailment in Eastern China, Hebei and Yunnan, which has led to a slight increase in the overall power curtailment.

Curtailment Rates (%)

	The Group's Invested Power Plants			The Group's Subsidiary-owned Power Plants		
Business Segments	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
General Attributable Average Grid Curtailment	**3.2%**	**4.6%**	**-1.4%**	**2.8%**	**4.8%**	**-2.0%**
Including: Wind Power	**2.9%**	**4.0%**	**-1.1%**	**2.1%**	**4.0%**	**-1.9%**
PV Power	**9.8%**	**9.3%**	**0.5%**	**10.9%**	**10.2%**	**0.7%**

iii. Continuous Improvement in Quality of Power Plants and Maintaining Growth in Net Profit of Power Plants

During the Year, benefiting from the constant improvement of asset quality of power plants and the continuous increase of installed capacities, both the revenue and net profit of the Group's power plants achieved a year-on-year increase.

In 2021, the Group's subsidiary-owned power plants achieved a total revenue of RMB1,736,350,000, an increase of 0.5% over the same period of last year, accounting for 79.5% of the Group's revenue (2020: 86.4%).

In 2021, the Group's subsidiary-owned power plants achieved a total net profit from power generation of RMB754,874,000, an increase of 3.2% over the same period of last year, and the Group's share of net profits from power generation business of its associates and joint ventures was RMB153,093,000.

Revenue and Net Profit of Power Plants (RMB)

	2021	**2020**	**Change Rate**
Revenue of Subsidiary-owned Power Plants	**1,736,350,000**	**1,728,443,000**	**0.5%**
Including: Wind Power	1,544,084,000	1,385,295,000	11.5%
PV Power	192,266,000	343,148,000	-44.0%
Net Profit of Subsidiary-owned Power Plants	**754,874,000**	**731,757,000**	**3.2%**
Including: Wind Power	677,302,000	638,785,000	6.0%
PV Power	77,572,000	92,972,000	-16.6%
Net Profit of Jointly-owned Power Plants	**153,093,000**	**131,852,000**	**16.1%**
Including: Wind Power	148,456,000	124,987,000	18.8%
PV Power	4,637,000	6,865,000	-32.5%

iv. Slight Increase of the Availability of Power Plants through Deepening Technological Transformation and Supporting Innovation

During the Year, the Group initiated a total of 61 key technological transformation projects at power plants in various regions. In terms of wind power, initiatives such as turbine super double-feed induction, dual-mode modification, installation of aerodynamic efficiency improvement components and asynchronous full power technical transformation on blades, installation of small wings on turbine blades, control strategy optimization of turbine blades, addition of blade vortex generators and dual-mode modification of frequency converter effectively improved the power generation performance of wind turbines and increased the power generation output of power plants. In terms of PV power, a trial was carried out for PV panel coating to increase power generation output. The Group's turbine dual-mode modification launched in Guangxi is expected to boost the annual power generation hours by 32h. The Group's super double-feed induction technical transformation on the wind turbines launched in Hubei is expected to improve the annual equivalent power generation hours by 61 hours on average. The Group's PV module coating launched in Sichuan for trial has improved power production by about 1.9% after comparing with previous performance. In addition to improving the efficiency of the equipment, the Group was able to consolidate its experience, improve its technical strength and innovate, by publishing 6 professional papers and obtaining 4 patents during the Year, which included 3 utility model patents and 1 invention patent.

Meanwhile, the Group continuously promoted equipment management and analysis, and continued to implement in-depth intelligent operation management of power plants, by actively facilitating the use of centralized control center, POWER^{+} intelligent O&M platform, asset management system (EAM) and other systems to promote the intensive management of unattended and less-attended power plants, so as to create an intelligent operation and maintenance model that integrates online and offline to achieve the scientific and efficient management of fully digitalized power station operations, reducing operating costs and improving the efficiency of power stations.

During the Year, the availability of the Group's power plants increased, and the availability of the Group's invested wind power plants was 98.28%, of which the availability of subsidiary-owned wind power plants was 98.63%, both realizing year-on-year growth. The availability of the Group's invested PV power plants was 99.95%, of which the availability of subsidiary-owned PV power plants was 99.94%, basically flat compared with the same period last year.

Availability of Power Plants (%)

	The Group's Invested Power Plants			The Group's Subsidiary-owned Power Plants		
Business Segments	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Wind Power	**98.28%**	**97.72%**	**0.56%**	**98.63%**	**98.08%**	**0.55%**
PV Power	**99.95%**	**99.93%**	**0.02%**	**99.94%**	**99.92%**	**0.02%**

v. Average Feed-in Tariff of Power Plants Fell Slightly

During the Year, following the advancement of China's wind power and PV power industries to the era of grid parity, the era of high tariffs has become a thing of the past. With the impacts of the operation commencement of grid parity projects, the increase in power trading and ancillary service sharing costs, the weighted average feed-in tariff of the Group's invested power plants fell slightly. However, an increase in trading would facilitate the consumption of new energy as well, which would in turn reduce curtailment. In addition, renewable energy trading and CCER transaction would also have a positive impact on the tariff. Following the increase of commencement of grid parity projects and the transfer of renewable energy subsidized power plants, the asset quality of power plants significantly increased, and LCOE further decreased, thus continuously reducing the Group's reliance on renewable energy subsidies.

Weighted Average Feed-in Tariff of Power Plants (RMB/kW·h) (Including VAT)

	The Group's Invested Power Plants			The Group's Subsidiary-owned Power Plants		
Business Segments	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Wind Power	**0.5005**	**0.5339**	**-0.0334**	**0.5124**	**0.5492**	**-0.0368**
PV Power	**0.8020**	**0.9452**	**-0.1432**	**0.7806**	**0.9125**	**-0.1319**

(5) Breakthrough in the Intelligent O&M Service Business

The Group's subsidiary Beijing Century Concord Operation and Maintenance Co., Ltd. ("Concord O&M") constituted the intelligent O&M sector of the Group. During the Year, the intelligent cloud O&M segment of the Group contributed revenue of RMB244,834,000 to the Group (for the same period of 2020: RMB154,316,000), representing a year-on-year increase of 58.7%.

Accumulating 15 years of experience in managing full life cycle assets of the Group's own power plants, Concord O&M has formed a distinctive technical advantage. So far, it has provided operation and O&M management services for a variety of clean energy assets such as centralized wind and PV power, distributed wind power, distributed PV power, integrated wind and PV storage and cooling and heating equipment, and provided manager services for power plants from the perspective of owners.

Concord O&M is actively cultivating a reserve of future-oriented intelligent operation and maintenance technologies, and is committed to the application of intelligent operation and maintenance scenarios without/with fewer people. Relying on the intelligent operation and inspection model, it is actively exploring the scope for further AI substitution, while establishing an efficient digital online support system. In respect of wind turbine O&M, Concord O&M provides O&M service for various product models and various manufacturers, and has established an extensive O&M experience and technical system across brands and product models. In respect of vertical technical services, Concord O&M has achieved independent external revenue in technological transformation, spare parts supply and maintenance, intelligent operation platforms, data-analyzing and service, etc., and provides a variety of customers customized service products that cater for their needs.

As of the end of 2021, Concord O&M, with the service capacity of nearly 11GW, has become the largest third-party professional service provider for new energy power plants in China. It has delivered services to all provinces across the country, and has a stronger new service infrastructure of "people + region", realizing service resources sharing due to scale of business. By further consolidating intelligent and digital capabilities, the digital system has been deeply integrated with service scenarios, which has improved the safety protection of and effective empowerment to front-line employees, thereby ensuring the quality of services delivered. Through the in-depth intelligent data analysis and exploration, the equipment conditions are monitored, and an early warning is given, thereby realizing scientific evaluation and management of the energy efficiency of assets. By establishing core capabilities of intelligent O&M, the per capita efficiency of the company has been significantly improved in 2021.

(6) Some Progress in Other Service Businesses

During the Year, the Group owned Concord Power Consulting & Design (Beijing) Corp., Ltd ("Concord Design" was actively engaged in the provision of engineering consultancy and design services. It strengthened the full process control of projects, continuously promoted design optimization and standardized construction, and improved its design philosophy and service quality. In addition to intensive expansion of the traditional areas such as design consultancy markets and EPC markets, it also actively expanded into new business areas and enhanced its market competitiveness.

During the Year, Concord Design completed 403 technical service reports, 115 feasibility study reports, 3,052 MW of micro-site selections and a total of 48 preliminary designs, construction drawing designs and record drawing designs. Furthermore, Concord Design actively expanded new business and launched the design consultation work of gas power generation, integration of wind, PV and hydrogen power and energy storage, clean heating, biomass energy and multi-energy complementation.

Concord Design comprehensively improved its quality management level and launched design optimization and standardized construction. It was awarded the second and third prize of the 2021 Outstanding Quality Control Team Achievements in the Power Engineering Industry with "Reducing the Grounding Project Cost of New Energy Power Generation Project in Heavily Corroded Sites" and "Using High-strength Steel to Reduce the Support Weight of Fixed-edge PV Project" respectively. In 2021, Concord Design once again received AA credit rating in the electric power survey and design industry.

In 2021, based on new energy distributed PV power and distributed wind power plants, Tianjin Guoyin Xinyuan International Leasing Co., Ltd. ("Xinyuan Leasing") carried out financial leasing, actively conducted business expansion and implemented stringent risk control measures to follow the investment principle of industry and finance integration and effectively control capital risks. During the Year, the total assets of Xinyuan Leasing increased by 34.2%, its net assets increased, and its revenue and profit doubled. Meanwhile, Xinyuan Leasing also maintained close cooperation with financial institutions. It enhanced its capacity in financing abilities through bank factoring, credit facilities and subleasing.

The Group focused on the renewable energy industry chain, and actively explored new business development models including finance leasing, energy storage, integrated energy services and carbon asset during the Year.

III. ENVIRONMENTAL PROTECTION, COMPLIANCE AND SOCIAL RESPONSIBILITY

In addition to financial performance, the Group believes that high standard of corporate social responsibility is of great significance in building a positive relationship between the enterprise and the society, motivating its employees and achieving sustainable development and return for the Group.

(1) Ecological and Environmental Protection

The Group specializes in the development and investment of renewable energy power projects such as wind power and PV power generation projects that focus on the investments and management in environmental protection, conservation of water and soil and biodiversity protection. Through measures such as increased investment, optimized designs, advanced technologies and intelligent operation as well as strict environmental standards and requirements in the full life cycle management of power plants, the Group strives to maintain sustainable and healthy development for the environment as well as for the human race and commits to its responsibilities for improving the energy structure, mitigating air pollution and reducing greenhouse gas emission and haze. The Group also adheres to the concept of green operation by reducing the emissions and discharge from administrative activities, increasing the efficiency of resources and energy consumption.

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

Emission Reduction by Power Plants

Emissions Reduction Indicators	2021	Accumulated Amount
CO_2 (Kilotons)	5,717	40,451
SO_2 (tons)	1,378	26,078
NO_x (tons)	1,437	23,758
Standard Coal Saving (Kilotons)	2,258	14,922
Water Saving (Kilotons)	8,918	89,510

(2) Compliance

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

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

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

(3) Social Responsibility

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

The Group actively responds to China's policy on epidemic prevention. During the Year, there was no incident of the Group's domestic employees contracting COVID-19 virus, ensuring the health and safety of all employees. It supported the pandemic prevention and control all over the country and donated RMB 200 thousand to Ejin Banner to assist in the local epidemic prevention and contain work and protect the health and safety of the locals. The Group actively carries out poverty alleviation work in areas where its power plant investments have been made. The "Poverty Alleviation Project of PV Power Generation in Huimin Village, Shangzhi, Harbin" has successfully connected to the grid, while a poverty alleviation fund of RMB 15.84 million has been provided to the Kangbao County, Hebei. The Group also assists the local rural revitalization through various means, such as repairing roads, purchasing local products and supporting the economy of Shuangfa Village, Jiangwan Town, Yilan County, Heilongjiang. In the 10th China Charity Festival held in Shanghai, the Group was awarded the "2020 Corporate Social Responsibility Model Award" for its outstanding performance in fulfilling its corporate social responsibility and excellent comprehensive public appraisals.

The Group has been keen on school-enterprise cooperation. We facilitate the educational advancement of renewable energy in China while promoting the development in local economy, culture, employment and environment. The Group has entered into a donation agreement with the North China Electric Power University Education Foundation and set up a scholarship. The Group has donated approximately RMB3.65 million in aggregate, subsidizing an accumulative number of 1,441 outstanding students with excellent conduct, rewarding 79 outstanding teachers and issuing scholarship and grants of RMB 2.723 million accumulatively. A modern apprenticeship system with cooperative development class was set up jointly with Ulanqab Vocational College and Hunan Polytechnic of Water Resources and Electric Power, with an aim to develop talents in local regions, provide employment channel and attract outstanding talents. A total of 457 graduates have been trained.

For details of the Group's ecological and environmental protection, compliance and social responsibilities, please refer to the independent report "Environmental, Social and Governance Report 2021" published by the Group.

(4) Customers and Suppliers Relationship

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

During the Year, sales to the Group's top five customers accounted for 62.1% of the Group's total sales during the reporting period, including 18.0% from State Grid Anhui Electric Power Co., Ltd., the largest customer.

During the Year, purchases from the Group's top five suppliers accounted for 47.6% of the Group's total procurement during the reporting period, including 13.9% from the largest supplier, Harbin Yunfeng New Energy Co., Ltd., which supplied wind turbine equipment for wind power projects invested by the Group.

IV. HUMAN RESOURCES

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

During the Year, the Group continued to uplift management digitalization and centralized management, deepen regional management authority and optimize the organizational structure and personnel allocation. During the Year, the Group has practically commenced the system of five major job functions, providing broad career development paths and promotion paths, and has established a recruitment qualification standard that implements personnel job evaluation and certification, as well as a talent management mechanism which includes job rotation, transfer and occupational trainings, to comprehensively develop talents. By enhancing its efforts in reserve talent trainings, the Group can unleash the full potential of its employees. In addition to the various regular offline trainings, the Group also continuously improves its online training system by offering various access channels such as office informatization, Dingding recommendation and cloud classroom, providing courses including first aid, production safety, technical ability, technology, laws and regulations, human resources, financial management, office informatization, corporate culture, anti-fraud propaganda, etc. In 2021, over 160 training sessions were organized to innovate the training mechanism, strengthen the in-house trainer system of the Group, cultivate employees in multiple aspects and improve their skill levels. For the second consecutive year, the Group has been awarded with the "Outstanding Employer Award" by liepin.com (獵聘網).

The Group values the health and safety of its employees, sticking to scientific epidemic prevention and control and accumulating epidemic prevention supplies. The Group contacted relevant nucleic acid testing institutions and carried out weekly nucleic acid testing. During the Year, the Group has completed more than 40 nucleic acid tests with more than 5,000 employees having been tested, and there was no case of infection among the Group's domestic employees. The Group actively responds to China's national call, encouraging all employees to get vaccinated, and over 80% of employees have completed two or more vaccine injections. In 2021, RMB 390 thousand was invested in epidemic prevention and control. Moreover, the Group supports its employees through a variety of caring measures including staff physical examinations, staff supplemental medical insurance, festival benefits, setting up employee support funds and increasing employee activities, establishing a good corporate culture.

As of 31 December 2021, the Group had 1,907 fulltime employees (31 December 2020: 1,619), 173 of whom worked at the Group's headquarters, 351 in project development and management, 1,238 in O&M, 44 in Energy IoT technological development and 101 in businesses such as design and leasing.

For details of the Group's human resources, please refer to the independent report "Environmental, Social and Governance Report 2021" published by the Group.

V. FINANCIAL RESOURCES AND COMMITMENTS

As of 31 December 2021, the Group held cash and bank balances of approximately RMB4,151,437,000 (31 December 2020: RMB2,608,069,000). The net assets of the Group were RMB 7,553,481,000 (31 December 2020: RMB6,494,502,000). The balance of bank and other borrowings of the Group was RMB10,939,507,000 (31 December 2020: RMB7,754,497,000). The liability-to-asset ratio was 68.6% (31 December 2020: 66.7%).

Pledge of Assets

As of 31 December 2021, the buildings and equipment of the Group, including construction in progress, were pledged to secure borrowings balance of RMB 9,702,631,000 (31 December 2020: RMB6,557,058,000).

Contingent Liability

With effective from 27 June 2019, the subsidiaries of the Group provided joint liability guarantees for the debts of Daoxian Century Concord Wind Power Co., Ltd.*(道縣協合風力發電有限公司) ("Daoxian Century Concord") and Daoxian Jingtang Century Concord Wind Power Co., Ltd.*(道縣井塘協合風力發電有限公司) ("Daoxian Jingtang") under the lease contracts. As of 31 December 2021, the total principal debt's balances of Daoxian Century Concord and Daoxian Jingtang which the Group provided joint liability guarantees were RMB 396,286,000.

Save as mentioned above, there was no material contingent liability of the Group as of 31 December 2021.

Commitments

As of 31 December 2021, the Group had capital expenditure contracted for but not provided for of RMB 2,068,344,000 (31 December 2020: RMB 2,441,692,000).

As of 31 December 2021, the Group had a total of equity capital contracted for but not provided to joint ventures and associates of RMB 103,540,000 (2020: RMB nil).

VI. RISK FACTORS AND RISK MANAGEMENT

Risk Relating to Policies

The project development and construction as well as the revenue and profit of wind power and PV power generation enterprises are greatly affected by policies. During the Year, China issued the Notice on Further Deepening the Market Reform for Coal-fired Power Generation Feed-in Tariffs, which would further increase the transacted electricity volume in the market in the future, and would have a direct impact on the revenue of power plants. The Group will closely follow the policy direction, strengthen the research and judgment of policies, and estimate the possible unfavorable factors prospectively, as well as formulate countermeasures to reduce risks, so as to minimize the risks arising from the changes in policies.

Market Risk

The development of wind and PV power projects is limited by the resource conditions in a certain region and the transmission capacity of the local grid. There is a keen competition for wind and PV power operating companies in the areas with abundant resources and sufficient transmission capacity. The Group will continue to enhance its development capabilities and efforts, strengthen industry exchanges and learning, maintain market sensitivity and actively respond to market changes in an effort to minimise market risks.

Epidemic Risks

The unstable COVID-19 epidemic has caused a significant amount of uncertainties to economic development and normal business operations, which may lead to fluctuations in power demand, higher difficulty in supply chain management, reluctant postponement of construction projects, fluctuations in raw material prices caused by transportation restrictions, which in turn result in the fluctuation in the price of equipment and the reduced repayment ability of electricity purchasers, and adversely affect the construction and operation, power generation and revenue of the Group’s power plants. The Group will insist to fight epidemic and strive to minimise the impact of the epidemic by thorough coordination and planning.

Climate Risk

The main climate risk faced by the wind and PV power generation industry is the fluctuation of power generation with the inter-annual variation of wind and solar resources. In addition, the safety risks to the production and personnel of power plants arising from climate change and extreme weather will adversely affect power generation, revenue and profits of power plants. Leveraging on the experience accumulated for many years, the Group will conduct an in-depth analysis on various conditions and improve design standards, so as to fully evaluate and respond to the impact of climate factors on the safety and efficiency of power plants.

Risk Relating to Power Curtailment

Due to the mixed development of renewable energy power generation in different regions, the unbalance between the planned construction of grid supporting facilities and renewable energy power generation, as well as the low power consumption in some areas and the rapid growth of new energy installed capacity, it is unlikely to completely eliminate the phenomenon of wind and PV power curtailment in a short term. The Group will continue to optimize assets, adjust the allocation of projects, and intensify the development and construction in areas without power curtailment. It will also promote equipment management and technology application to address power curtailment problems as possible as it can, by closely monitoring policy changes in the industry and making good use of national policies.

Risks Relating to Capital and Exchange Rates

Since investment in wind and PV power plants has a high demand for capital loans, the cost and amount of capital have a direct impact on the Group's business; and the payment of renewable energy subsidies also has an impact on the Group's cash flow. In addition, the Group invests overseas and issues bonds in US dollars. Any change in the exchange rate of RMB results in an exchange loss or gain on the Group's businesses in foreign currencies. The Group will continue to pay attention to the financing market, expand financing channels and adopt innovative financing methods, as well as optimize capital structure, so as to ensure the availability of funds. Also, it will take initiatives to monitor exchange rate changes and take various steps to strengthen exchange rate risk management, to effectively carry out exchange rate hedging measures.

VII. THE OUTLOOK

In the past two years, with the world’s competition and speculation on carbon emissions renewable energy market environment has changed dramatically. Renewable energy industry is speeding up its growth by leaps and bounds, the industry competition has escalated gradually. During the Year, the Chinese government has repeatedly and explicitly propagate the development of renewable energy. With the increase in planned new energy capacity, power grid companies will also proactively adopt wind power and PV power generation from the grid.

After 16 years of development, the Group has maintained its focus on the renewable energy sector, maintained its insight and foresight into the industry, actively responded to the challenges brought about by changes in the external environment, promptly grasped the development opportunities brought about by changes in the industry, and timely adjusted its development strategy. It has now become an experienced enterprise in integrated wind power and PV power generation development, operation and service provision.

In the face of the new industry situation, the Group will actively explore new areas of development while maintaining the sustainable development of its main business. 2022, the Group will focus on the following tasks.

1. Insist on Safety First and Ensure the Safe and Stable Operation of Power Plants

The Group will continue to put safety first, continuously improve its safety management system, pay close attention to the implementation of production safety responsibilities and consolidate the hierarchical control mechanism for safety management to ensure the safety, stability and efficiency of all businesses. Through safety supervision and inspection, safety education and training, the Group will implement the responsibility system for safety production. It will rely on technological innovation and other measures to accelerate the construction of various supporting measures for safety management. It will strengthen the foundation of the Group’s safety management and establish a long-term mechanism to ensure safety, with the objective to be responsible for the lives and health of employees, the safety of corporate assets and the overall safety of society.

2. Increase Project Construction Efforts to Achieve Greater Growth in Installed Capacity

The Group will increase its project construction in an effort to grasp the opportunities arising from the vigorous development of renewable energy. The Group will pay close attention to the price trends of equipment such as wind turbines and components, make good price forecasts, optimise procurement strategies, reduce procurement costs and exercise stringent cost control to keep the costs of construction projects low. The Group will continue to strengthen project management, enhance project planning and system integration. Through optimising design and construction plans, using new technologies and techniques, strengthening the management of suppliers and construction units, and making greater efforts to improve project procedures, we will ensure the smooth implementation and commissioning of the projects and achieve greater growth in the Group’s installed capacity.

3. Continue to Adjust and Optimise the Quality of Assets

The Group will conduct dynamic analysis of project holdings and identify inefficient assets; prioritise to dispose of projects with high power restriction rates, poor cash flow and low returns; retain high quality assets; adjust project portfolios and continue to adjust and optimise the quality of its assets; further reduce our reliance on green subsidies; enhance the Group’s ROE and improve cash flow; raise capital for new projects and realise a virtuous cycle of organic growth.

4. Vigorously Develop Renewable Energy-related Services Business

The Group will vigorously develop its service business, strengthen its external business development capabilities, enhance its business scale and build an influential service business brand in the industry. The Group will continue to improve the level of intelligent O&M, optimise the intelligent O&M services and products, and enhance the business value and technological attributes of O&M services through digital and intelligent means. It will grasp market opportunities to expand and strengthen its operations and maintenance business. Focusing on the distributed PV and decentralised wind power sectors, the Group will continue to expand its financing and leasing business. It will continue to focus on the design and consultation of wind power and PV projects as well as ancillary projects as our core business, improve the professional structure of design consultation, and maintain a reserve of professional design consultants to enhance our design quality.

5. Actively Develop New Energy-Related Business Types and Enter the Fields of Energy Storage, Carbon Assets, Integrated Energy Services and Other Related Fields

While engaging in its own business development, the Group will also actively focus on new technologies, new markets, new models and new developments in related fields, and make appropriate attempts to participate in investment business in related fields in a bid to cultivate and expand new growth points. To ensure the Group's sustainable development, the Group will expand its business types, develop new businesses and explore new growth points. In the coming year, the Group will closely track changes in the power market, combine its resources and seek new business opportunities, pay close attention to energy storage and integrated energy services, and actively focus on opportunities in hydrogen energy. The Group will study the electricity spot market in depth to prepare for the full-scale market-based trading of renewable energy and to maximise the benefits of market-based electricity trading.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's independent auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement performed 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 KPMG on the preliminary announcement.

DIVIDEND

The board of directors recommends to declare a final dividend of HK$0.03 per ordinary share in respect of the year ended 31 December 2021 (2020: HK$0.03), 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$268,698,000 (equivalent to approximately RMB219,688,000). It is expected that the final dividend will be paid out before end of June 2022. 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 2021, the Company repurchased a total of 28,720,000 ordinary shares of the Company for an aggregate consideration of HK$22,434,000 (equivalent to approximately RMB18,406,000) on The Stock Exchange of Hong Kong Limited, all of the purchased shares were subsequently cancelled by the Company in February, 2022, and the issued share capital of the Company was reduced thereon. Details of the share repurchases during the year are as follows:

	Share Repurchased	**Purchase Price per Share**		
Month	**Number**	**Highest** HK$	**Lowest** HK$	**Aggregate Amount** HK$
November 2021	18,380,000	0.79	0.74	13,940,900
December 2021	10,340,000	0.84	0.80	8,493,100
	28,720,000			**22,434,000**

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

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2021, 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 2021.

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 2021 have been reviewed by the Audit Committee.

APPRECIATION

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

For and on behalf of

Concord New Energy Group Limited

Liu Shunxing

Chairman

Hong Kong, 2 March 2022

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