
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Concord New Energy Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 182)

MAJOR TRANSACTION FINANCE LEASE ARRANGEMENTS AND NOTICE OF SPECIAL GENERAL MEETING

SGM of the Company will be held at 10:00 a.m. on Thursday, 8 July 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

A notice convening the SGM and a form of proxy for use by the Shareholders at the SGM are enclosed. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event no later than 48 hours before the appointed time for holding of the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page ii of this circular for measures being taken to try to prevent and control the spread of the COVID-19 at the SGM, including:

- compulsory temperature checks
- compulsory wearing of surgical face masks
- no refreshments will be served

Any person who does not comply with the precautionary measures may be denied entry into the SGM venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxies to vote on the relevant resolution(s) at the SGM as an alternative to attending the SGM.

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (COVID-19) epidemic, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue.
- (ii) All attendees may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the SGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions will be denied entry into the meeting venue. We will also report to relevant authorities for the breach of quarantine required.
- (iii) The Company requires attendees to wear surgical face masks inside the SGM venue at all times, and to maintain a safe distance between seats.
- (iv) No refreshments will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and consistent with the COVID-19 guidelines issued by the Government of Hong Kong (available at www.chp.gov.hk/en/features/102742.html), the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the SGM as their proxies to vote on the relevant resolution(s) at the SGM instead of attending the SGM in person.

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“Aggregated Transactions”	the transactions contemplated under the Previous Finance Lease Arrangements and the Finance Lease Arrangements;
“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“April 2021 Finance Lease Arrangement I”	the sale and leaseback transactions described in the paragraph headed “April 2021 Finance Lease Arrangement I” in the Letter from the Board contained in this circular;
“April 2021 Finance Lease Arrangement II”	the sale and leaseback transactions described in the paragraph headed “April 2021 Finance Lease Arrangement II” in the Letter from the Board contained in this circular;
“April 2021 Finance Lease Arrangements”	the April 2021 Finance Lease Arrangement I and the April 2021 Finance Lease Arrangement II;
“Board”	board of Directors;
“Buildings and Auxiliary Facilities”	certain buildings and auxiliary facilities (such as wind turbines foundations, power cables and booster station buildings) for the operation of the Power Plant to be purchased by the Financier from the Lessee under the Finance Lease Agreement II, as stipulated under the Finance Lease Agreement II;
“Century Concord Wind Power”	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Company”	Concord New Energy Group Limited (協合新能源集團有限公司*) (Stock code: 182), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;

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“Equipment”	certain machinery and equipment for the operation of the Power Plant to be purchased by the Financier from the Seller under the Sale and Purchase Agreement, as stipulated under the Sale and Purchase Agreement;
“Finance Lease Agreement I”	the finance lease agreement entered into between the Lessee and the Financier on 6 May 2021 for the leasing of the Equipment to the Lessee from the Financier;
“Finance Lease Agreement II”	the finance lease agreement entered into between the Lessee and the Financier on 6 May 2021 for the acquisition of the Buildings and Auxiliary Facilities by the Financier from the Lessee and the leasing of the Buildings and Auxiliary Facilities back to the Lessee from the Financier;
“Finance Lease Arrangement I”	the transactions contemplated under the Sale and Purchase Agreement and the Finance Lease Agreement I;
“Finance Lease Arrangement II”	the transactions contemplated under the Finance Lease Agreement II;
“Finance Lease Arrangements”	the Finance Lease Arrangement I and the Finance Lease Arrangement II;
“Finance Period I”	the 15-year period, in which the Lessee shall pay Lease Payments to the Financier and shall have the right to use the Equipment;
“Finance Period II”	the 15-year period, in which the Lessee shall pay Lease Payments to the Financier and shall have the right to use the Buildings and Auxiliary Facilities;
“Financier”	Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;

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“Heilongjiang Juming”	Heilongjiang Juming New Energy Technology Co., Ltd.* (黑龍江聚鳴新能源技術有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Heilongjiang Xietong”	Heilongjiang Xietong New Energy Co., Ltd.* (黑龍江協通新能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	17 June 2021, the latest practicable date before the printing of this circular for ascertaining certain information contained herein;
“Lease Payment(s)”	the quarterly payment(s) payable by the Lessee to the Financier under the Finance Lease Agreements during the Finance Period I or the Finance Period II in consideration of the Financier leasing the Equipment and the Buildings and Auxiliary Facilities to the Lessee;
“Lessee”	Binxian Century Concord Wind Power Co., Ltd.* (賓縣協合風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LPR”	the loan prime rate (貸款市場報價利率) announced by the National Interbank Funding Center (全國銀行間同業拆借中心) from time to time;
“MW”	megawatt;

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“Power Plant”	the 200MW wind power plant situated in Bin County, Harbin City, Heilongjiang Province, the PRC (中國黑龍江省哈爾濱市賓縣), where the Equipment and the Buildings and Auxiliary Facilities are situated;
“PRC”	the People’s Republic of China, which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Previous Finance Lease Arrangements”	the transactions contemplated under the September 2020 Finance Lease Arrangements and the April 2021 Finance Lease Arrangements;
“Purchase Price I”	the purchase price payable to the Seller by the Financier for the purchase of the Equipment;
“Purchase Price II”	the purchase price payable to the Lessee by the Financier for the acquisition of the Buildings and Auxiliary Facilities;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Seller, the Lessee and the Financier on 6 May 2021 for the purchase of the Equipment from the Seller by the Financier;
“Security Documents”	the security documents relating to the Finance Lease Arrangement I and the Finance Lease Arrangement II;
“Seller”	Haotai New Energy Equipment Co., Ltd.* (浩泰新能源裝備有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“September 2020 Finance Lease Arrangements”	the sale and leaseback transactions described in the paragraph headed “September 2020 Finance Lease Arrangements” in the Letter from the Board contained in this circular;

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“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Thursday, 8 July 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the Shareholders to consider and, if thought fit, approve, among other things, the agreements executed pursuant to the Finance Lease Arrangements and the transactions contemplated thereunder;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Purchase Price”	being the sum of the Purchase Price I and the Purchase Price II, which is approximately RMB1,100 million;
“Yongzhou Jiepai”	Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

For the purposes of this circular, the exchange rates of HK\$1.00 = RMB0.84 has been used for currency translation. Such exchange rate is for illustration purposes only and does not constitute any representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

** For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Liu Shunxing (*Chairman*)
Ms. Liu Jianhong (*Vice Chairperson*)
Mr. Gui Kai (*Chief Executive Officer*)
Mr. Niu Wenhui
Mr. Zhai Feng
Ms. Shang Jia

Non-executive Director:

Mr. Wang Feng

Independent non-executive Directors:

Mr. Yap Fat Suan, Henry
Dr. Jesse Zhixi Fang
Ms. Huang Jian
Mr. Zhang Zhong

Registered Office:

Clarendon House
2 Church Street
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*Head office and principal place of
business in Hong Kong:*

Suite 3901, 39th Floor
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

21 June 2021

To the Shareholders:

Dear Sir or Madam,

MAJOR TRANSACTION FINANCE LEASE ARRANGEMENTS

INTRODUCTION

Reference is made to the announcement of the Company dated 6 May 2021 in relation to the Finance Lease Arrangement I agreed between the Seller, the Lessee and the Financier and the Financial Lease Arrangement II agreed between the Lessee and the Financier. The

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purpose of this circular is to provide you with: (i) further information on the transactions contemplated under the Finance Lease Arrangements and other information of the Group to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the SGM and (ii) the notice of the SGM.

FINANCE LEASE ARRANGEMENT I

On 6 May 2021, the Seller, the Lessee and the Financier agreed on the Finance Lease Arrangement I by way of entering into the Sale and Purchase Agreement and the Finance Lease Agreement I, pursuant to which (i) the Financier shall purchase the Equipment from the Seller at a purchase price of RMB910 million for the purposes of leasing the Equipment to the Lessee; and (ii) the Lessee shall lease the Equipment from the Financier for the Finance Period I in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

Sale and Purchase Agreement

Date: 6 May 2021

Parties: (i) the Financier as the purchaser;
(ii) the Seller as the seller; and
(iii) the Lessee to undertake certain rights and obligations for the transactions contemplated under the Sale and Purchase Agreement.

Subject asset: The Equipment, which shall be purchased by the Financier from the Seller for the purposes of leasing the Equipment back to the Lessee from the Financier.

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The following table sets out the details of the Equipment which shall be purchased by the Financier:

Asset nature/ Type	Estimated useful life	Current condition	Current accounting treatment	Original purchase price <i>(RMB million)</i>
Turbines	20 years	Not yet acquired ⁽¹⁾	Not yet booked ⁽²⁾	604.1
Tower tubes	20 years	Not yet acquired ⁽¹⁾	Not yet booked ⁽²⁾	221.5
Power cables	20 years	Not yet acquired ⁽¹⁾	Not yet booked ⁽²⁾	16.1
Transformers	20 years	Not yet acquired ⁽¹⁾	Not yet booked ⁽²⁾	31.4
Control and protection system, and other assets	20 years	Not yet acquired ⁽¹⁾	Not yet booked ⁽²⁾	13.5
Total				886.6

Notes:

- (1) The equipment not yet acquired is expected to be fully acquired by the end of December 2021. As at the date of this circular, the Seller has entered into contracts with suppliers who are all independent third parties for the purchase of certain equipment. The ownership of the equipment has not been passed to the Seller.
- (2) The equipment not yet booked is expected to be fully booked by the end of February 2022 upon receiving, installing and commissioning all sets of the equipment by the Group.

Purchase price:

The Purchase Price I payable by the Financier to the Seller for the purchase of the Equipment shall be RMB910 million (approximately HK\$1,083.3 million), which was determined after arm's length negotiation between the Seller and the Financier with reference to the market value of the Equipment and the amount of financing needs required by the Group under the Finance Lease Arrangement I. As at the date of the announcement of the Company dated 6 May 2021, the Equipment has not been fully acquired by the Seller.

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The Purchase Price I to be paid to the Seller (being the total amount to be borrowed by the Lessee under the Finance Lease Arrangement I) is equal to the original purchase price of the Equipment, which is approximately RMB886.6 million, plus the management costs of the Group attributable to the Equipment, which is approximately RMB23.4 million. The original purchase price of the Equipment is in line with its market value, which is determined based on the Group's experience in acquiring comparable equipment accumulated in the past years and in monitoring the market value of comparable equipment, which includes reviewing quotations obtained from suppliers of comparable equipment who are independent third parties.

The Purchase Price I shall be paid by five instalments.

The first instalment of the Purchase Price I shall be no more than RMB350 million, payable after the fulfilment of the following conditions (the "**First Instalment Conditions I**"):

- (a) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement I by the Lessee and the guarantors of the Security Documents;
- (b) there being no material adverse change to the financial position of the Lessee and the guarantors of the Security Documents;
- (c) the Financier having received the relevant security deposit under the Finance Lease Agreement I in full;
- (d) all the Security Documents having been executed and all the relevant procedures for the Security Documents having been completed;

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- (e) the Financier having obtained from Beijing Guohua Aidi Wind Power Operation and Maintenance Technical Service Co., Ltd.* (北京國華愛地風電運行維護技術服務有限公司) (“**Beijing Guohua**”) (a wholly-owned subsidiary of the Company) the undertakings that: (i) before the Lessee having fully settled all its debts under the Finance Lease Arrangement I, Beijing Guohua shall not request for the settlement of any present and future debts owned by the Lessee; and (ii) Beijing Guohua agrees that the Lessee can only settle the debts owned by the Lessee after the written approval of the Financier having been obtained;
- (f) the Financier having obtained a report issued by a supervisor recognized by the Financier which confirms the progress of construction works of the Power Plant;
- (g) the Financier having obtained a report issued by a third-party assessment agency which confirms the functioning of the Power Plant;
- (h) the Financier having obtained certain documents from the Lessee which confirms that the Lessee having received RMB64 million of funding;
- (i) the Financier having received from Yongzhou Jiepai, Heilongjiang Juming (which holds 60% interest in the Lessee) and Heilongjiang Xietong (which holds 40% interest in the Lessee) the undertakings that: (i) Yongzhou Jiepai, Heilongjiang Juming and Heilongjiang Xietong shall procure the Lessee to settle all the lease payments, handling fee and other payables under the Finance Lease Arrangement I first before requesting for dividend from the Lessee or for the settlement of any present and future debts owned by the Lessee; (ii) during the construction of the Power Plant, an amount of approximately RMB75.7 million (being the funding gap) shall be lent to the Lessee by Yongzhou Jiepai, Heilongjiang Juming and Heilongjiang Xietong; (iii) Yongzhou Jiepai, Heilongjiang Juming and Heilongjiang Xietong agree that the Lessee can only pay dividend and settle the debts owned by the Lessee after the written approval of the Financier having been obtained;

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- (j) there being no material adverse change to the new energy industry since the date of the Sale and Purchase Agreement, and the Lessee and its associated companies, ultimate controller(s) and shareholders;
- (k) there being no material adverse change to the overall economic situation, fiscal, taxation and financial policies, or government regulatory measures on the financial industry, and the financial industry situation in the PRC since the date of the Sale and Purchase Agreement, and the financing cost not having increased significantly; and
- (l) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement I having been provided to the Financier or completed.

It is expected that the first instalment of the Purchase Price I will be paid around early July 2021.

The second instalment of the Purchase Price I shall be no more than RMB500 million (accumulating the first instalment of the Purchase Price I), payable after the fulfilment of the following conditions (the “**Second Instalment Conditions I**”):

- (a) the First Instalment Conditions I having been fulfilled and continue to be fulfilled;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement I by the Lessee and the guarantors of the Security Documents;
- (c) the Financier having obtained a report issued by a third-party supervisor recognized by the Financier which confirms the progress of construction works of the Power Plant;
- (d) the Financier having obtained certain documents from the Lessee which confirms that the Lessee having received not less than RMB90 million of funding; and

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- (e) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement I having been provided to the Financier or completed.

It is expected that the second instalment of the Purchase Price I will be paid around the end of September 2021.

The third instalment of the Purchase Price I shall be no more than RMB780 million (accumulating the first and second instalments of the Purchase Price I), payable after the fulfilment of the following conditions (the “**Third Instalment Conditions I**”):

- (a) the First Instalment Conditions I and the Second Instalment Conditions I having been fulfilled and continue to be fulfilled;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement I by the Lessee and the guarantors of the Security Documents;
- (c) the Financier having obtained a report issued by a third-party supervisor recognized by the Financier which confirms the progress of construction works of the Power Plant;
- (d) the Financier having obtained certain documents from the Lessee which confirms that the Lessee having received not less than RMB150 million of funding; and
- (e) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement I having been provided to the Financier or completed.

It is expected that the third instalment of the Purchase Price I will be paid around the end of November 2021.

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The fourth instalment of the Purchase Price I shall be no more than RMB850 million (accumulating the first, second and third instalments of the Purchase Price I), payable after the fulfilment of the following conditions (the “**Forth Instalment Conditions I**”):

- (a) the First Instalment Conditions I, the Second Instalment Conditions I and the Third Instalment Conditions I having been fulfilled and continue to be fulfilled;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement I by the Lessee and the guarantors of the Security Documents;
- (c) the Financier having obtained a report issued by a third-party supervisor recognized by the Financier which confirms the progress of construction works of the Power Plant;
- (d) the Financier having obtained certain documents from the Lessee which confirms that the Lessee having received not less than RMB178 million of funding; and
- (e) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement I having been provided to the Financier or completed.

It is expected that the fourth instalment of the Purchase Price I will be paid around the end of December 2021.

The last instalment of the Purchase Price I shall be equal to RMB910 million (accumulating the first, second, third and fourth instalments of the Purchase Price I), payable after the fulfilment of the following conditions (the “**Last Instalment Conditions I**”):

- (a) the First Instalment Conditions I, the Second Instalment Conditions I, the Third Instalment Conditions I and the Fourth Instalment Conditions I having been fulfilled and continue to be fulfilled;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement I by the Lessee and the guarantors of the Security Documents;

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- (c) the Financier having obtained a report issued by a third-party supervisor recognized by the Financier which confirms the progress of construction works of the Power Plant;
- (d) the Financier having obtained certain documents from the Lessee which confirms that the Lessee having received not less than RMB200 million of funding; and
- (e) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement I having been provided to the Financier or completed.

It is expected that the last instalment of the Purchase Price I will be paid around the end of February 2022.

The completion of the Finance Lease Arrangement I is not conditional upon the completion of the Finance Lease Arrangement II.

After considering the market value of the Equipment and the financing needs required by the Group under the Finance Lease Arrangement I for the purchase of the Equipment, the Directors consider that the Purchase Price I is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Group will book all the Equipment as its fixed assets in its financial statements pursuant to the Hong Kong Financial Reporting Standards.

Finance Lease Agreement I

Date:	6 May 2021
Parties:	(i) the Financier as the lessor; and (ii) the Lessee as the lessee.
Subject asset:	The Equipment, which shall be leased from the Financier by the Lessee.
Finance period I:	A period of 15 years commencing from the date of payment of the first instalment of the Purchase Price I.

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Lease payments and
interest rate:

The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period I. The total Lease Payments represents the Purchase Price I paid by the Financier for the purchase of the Equipment plus interest attributable to the Finance Lease Arrangement I to be determined based on the following applicable interest rate.

The applicable interest rate is a floating interest rate equal to the relevant 5-year LPR plus 0.642%. The relevant LPR for the first Lease Payment is the LPR announced on 20 April 2021, being 4.65%, which gives rise to an applicable interest rate of 5.292% for the first Lease Payment. The applicable interest rate will be adjusted every 12 months on the first quarterly Lease Payment in every 12-month period of the Finance Period I, which will, after adjustment, equal to the LPR in the month before such quarterly Lease Payment plus 0.642%. Assuming the applicable interest rate was 5.292% throughout the Finance Period I, the total Lease Payments would be approximately RMB1,313 million (approximately HK\$1,563.1 million).

The Lease Payments and the applicable interest rate were determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of equipment finance lease.

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The 0.642% premium, which is fixed, is determined with reference to, among others, the prevailing market interest rate, the amount of the security deposit and the amount of the handling fee payable by the Group under the Finance Lease Agreement I. It is a common market practice for the finance lease companies in the PRC to charge a premium on top of the LPR for finance leases. In determining and agreeing on the premium, the Group considered the interest rates charged by various finance lease companies in the PRC regarding the Equipment, where interest rates per annum ranged from adding 55 to 285 basic points (each basic point represents 0.01%) above the LPR. The Company has evaluated the difference between the interest rate of the Finance Lease Agreement I and the interest rate of the Finance Lease Agreement II. The interest rate of the Finance Lease Agreement I was requested by the Financier after the negotiation between the Financier and the Lessee, and was accepted by the Company because the Company considered that the interest rate of the Finance Lease Agreement I is part of the overall costs of the Finance Lease Agreements and the average interest rate of the Finance Lease Agreements is also within the said range. Hence, the interest rate of the Finance Lease Agreement I is on normal commercial terms, fair and reasonable.

After considering the overall costs of the finance lease, such as the security deposit of approximately RMB36 million (representing 4% of the Purchase Price I), the amount of the handling fee of RMB5.9 million (representing approximately 0.66% of the Purchase Price I) and the interest rate, the Board is of the view that the applicable interest rate adjusted based on the aforesaid adjusting mechanism falls within the abovementioned range of interest rates and hence, the total Lease Payments so determined are fair and reasonable.

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Security documents: As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement I, the Lessee, the Company and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power, Heilongjiang Juming and Heilongjiang Xietong) shall, in favour of the Financier, execute the Security Documents consisting of the guarantees, the pledges on (i) the equity interest in the Lessee and (ii) receivables arising from the operation of the Power Plant, and the mortgages of the land where the Power Plant is situated, the Equipment and the Buildings and Auxiliary Facilities.

The Finance Lease Agreement I and the Security Documents have no material adverse effect on the operation and management of the Group's businesses.

Security deposit: An amount of approximately RMB36 million (approximately HK\$42.9 million), being 4% of the Purchase Price I, shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement I, which shall be paid before the payment of the first instalment of the Purchase Price I. The security deposit will be used to offset the last Lease Payment of the Finance Period I.

The amount of the security deposit is determined after arm's length negotiation between the Financier and the Lessee, having taken into account that (i) the security deposit falls within the range of security deposits quoted by various finance lease companies in the PRC (which ranged from 0% to 5% of the Purchase Price); and (ii) the overall financing costs of the Finance Lease Arrangement I, including the floating interest rate and the handling fee. Accordingly, the Board is of the view that the security deposit is on normal commercial terms, fair and reasonable.

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- Handling fee: The Lessee shall pay to the Financier a handling fee of approximately RMB5.9 million (approximately HK\$7 million) representing approximately 0.66% of the Purchase Price I before the payment of the first instalment of the Purchase Price I. The handling fee was determined after arm's length negotiation between the parties with reference to the overall market cost of fund for equipment leasing (comprising the amount of handling fee (if any), interest rate and the amount of security deposit under comparable transactions) and the handling fee quoted by various finance lease companies in the PRC (ranged from 0% to 5%). The handling fee of approximately 0.66% of the Purchase Price I falls within the said range. The Company has evaluated the difference between the handling fee of the Finance Lease Agreement I and the handling fee of the Finance Lease Agreement II. The handling fee of the Finance Lease Agreement I was requested by the Financier after the negotiation between the Financier and the Lessee, and was accepted by the Company because the Company considered that the handling fee of the Finance Lease Agreement I is part of the overall costs of the Finance Lease Agreements and the average handling fee of the Finance Lease Agreements is also within the said range. Hence, the handling fee of the Finance Lease Agreement I is on normal commercial terms, fair and reasonable.
- Buyback option: Upon the expiry of the Finance Period I, the Lessee has the option to buy back the Equipment from the Financier at a consideration of RMB10,000.

FINANCE LEASE ARRANGEMENT II

On 6 May 2021, the Lessee and the Financier agreed on the Finance Lease Arrangement II by way of entering into the Finance Lease Agreement II, pursuant to which (i) the Financier shall purchase the Buildings and Auxiliary Facilities from the Lessee at a purchase price of RMB190 million for the purposes of leasing the Buildings and Auxiliary Facilities back to the Lessee for the Finance Period II in consideration of the Lessee paying to the Financier the quarterly Lease Payments.

LETTER FROM THE BOARD

Finance Lease Agreement II

Date: 6 May 2021

Parties: (i) the Financier as the purchaser and the lessor; and
(ii) the Lessee as the seller and the lessee.

Subject asset: The Buildings and Auxiliary Facilities, which shall be acquired by the Financier from the Lessee and then leased back to the Lessee from the Financier.

The following table sets out the details of the Buildings and Auxiliary Facilities which shall be acquired by the Financier:

Type of Buildings and Auxiliary Facilities	Estimated useful life	Current condition	Current accounting treatment	Estimated sub-contract price (RMB million)
Wind turbines foundations	20 years	Not yet acquired ⁽¹⁾	Not yet Booked ⁽³⁾	950
Power cables installation	20 years	Not yet acquired ⁽¹⁾	Not yet Booked ⁽³⁾	700
Booster station buildings	20 years	Partially constructed ⁽²⁾	Not yet Booked ⁽³⁾	250
Total				190

Notes:

- (1) The buildings and auxiliary facilities not yet acquired is expected to be fully acquired by the end of December 2021. As at the date of this circular, the Lessee has entered into contracts with contractors who are all independent third parties for certain construction works of the buildings and auxiliary facilities. The Lessee has not acquired the ownership of the buildings and auxiliary facilities.
- (2) The buildings and auxiliary facilities partially constructed (which is still saleable to the Financier for the purposes of sale and leaseback finance arrangement) is expected to be fully constructed by the end of December 2021. As at the date of this circular, the Lessee has entered into contracts with contractors who are all independent third parties for certain construction works of the buildings and auxiliary facilities. The Lessee has not acquired the ownership of the buildings and auxiliary facilities.

LETTER FROM THE BOARD

- (3) The buildings and auxiliary facilities not yet booked is expected to be fully booked by the end of February 2022 upon acquiring all the Buildings and Auxiliary Facilities by the Group.

Usage of the Purchase Price II: The Purchase Price II must be used for the acquisition and/or construction of the Buildings and Auxiliary Facilities.

Purchase price: The Purchase Price II payable by the Financier to the Lessee for the acquisition of the Buildings and Auxiliary Facilities shall be RMB190 million (approximately HK\$226.2 million), which was determined after arm's length negotiation between the Lessee and the Financier with reference the total estimated sub-contract prices for the acquisition and construction of the Buildings and Auxiliary Facilities and the amount of financing needs required by the Group under the Finance Lease Arrangement II. As at the date of the announcement of the Company dated 6 May 2021, the Buildings and Auxiliary Facilities have not been acquired and constructed.

The Purchase Price II to be paid to the Lessee (being the total amount to be borrowed by the Lessee under the Finance Lease Arrangement II) is equal to the total estimated sub-contract prices for the acquisition and construction of the Buildings and Auxiliary Facilities. The total estimated sub-contract prices for the acquisition and construction of the Buildings and Auxiliary Facilities were determined based on the Group's experience in hiring sub-contractors accumulated in past years and through reviewing the quotations submitted by potential sub-contractors, who are all independent third parties. The Lessee has entered into contracts with sub-contractors for certain construction works of the Buildings and Auxiliary Facilities.

The Purchase Price II shall be paid by three instalments.

The first instalment of the Purchase Price II shall be no more than RMB50 million payable after the fulfilment of the following conditions (the "**First Instalment Conditions II**"):

- (a) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement II by the Lessee and the guarantors of the Security Documents;

LETTER FROM THE BOARD

- (b) there being no material adverse change to the financial position of the Lessee and the guarantors of the Security Documents;
- (c) the Financier having received the relevant security deposit and handling fee under the Finance Lease Agreement II in full;
- (d) the Third Instalment Conditions I having been fulfilled and continue to be fulfilled;
- (e) there being no material adverse change to the new energy industry since the date of the Finance Lease Agreement II, and the Lessee and its associated companies, ultimate controller(s) and shareholders;
- (f) there being no material adverse change to the overall economic situation, fiscal, taxation and financial policies, or government regulatory measures on the financial industry, and the financial industry situation in the PRC since the date of the Finance Lease Agreement II, and the financing cost not having increased significantly; and
- (g) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement II having been provided to the Financier or completed.

It is expected that the first instalment of the Purchase Price II will be paid around the end of November 2021.

The second instalment of the Purchase Price II shall be no more than RMB130 million (accumulating the first instalment of the Purchase Price II), payable after the fulfilment of the following conditions (the “**Second Instalment Conditions II**”):

- (a) the First Instalment Conditions II having been fulfilled and continue to be fulfilled;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement II by the Lessee and the guarantors of the Security Documents; and

LETTER FROM THE BOARD

- (c) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement II having been provided to the Financier or completed.

It is expected that the second instalment of the Purchase Price II will be paid around the end of December 2021.

The last instalment of the Purchase Price II shall be equal to RMB190 million (aggregating the first and second instalments of the Purchase Price II), payable after the fulfilment of the following conditions:

- (a) the First Instalment Conditions II and the Second Instalment Conditions II having been fulfilled and continue to be fulfilled;
- (b) there being no material breaches of any provisions of the agreements under the Finance Lease Arrangement II by the Lessee and the guarantors of the Security Documents; and
- (c) all other documents or relevant procedures as required by the Financier or the Finance Lease Agreement II having been provided to the Financier or completed.

It is expected that the last instalment of the Purchase Price II will be paid around the end of February 2022.

The entering into the Finance Lease Agreement II is conditional upon the Finance Lease Arrangement I having been passed as an ordinary resolution in the SGM. The Lessee will proceed with the Finance Lease Agreement I notwithstanding the Finance Lease Agreement II is not being passed as an ordinary resolution in the SGM. If the Finance Lease Arrangement I is not being proceeded with, the Finance Lease Arrangement II will not be proceeded with either.

After considering the total estimated sub-contract prices for the acquisition and construction of the Buildings and Auxiliary Facilities and the financing needs required by the Group under the Finance Lease Arrangement II for the acquisition and construction of the Buildings and Auxiliary Facilities, the Directors consider that the Purchase Price II is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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The Group will book all the Buildings and Auxiliary Facilities as its fixed assets in its financial statements pursuant to the Hong Kong Financial Reporting Standards.

Finance Period II: A period of 15 years commencing from the date of the payment of the first instalment of the Purchase Price II.

Lease payments and interest rate: The Lessee shall pay quarterly Lease Payments to the Financier during the Finance Period II. The total Lease Payments represents the Purchase Price II paid by the Financier for the acquisition of the Buildings and Auxiliary Facilities plus interest attributable to the Finance Lease Arrangement II to be determined based on the following applicable interest rate.

The applicable interest rate is a floating interest rate equal to the relevant 5-year LPR plus 0.4705%. The relevant LPR for the first Lease Payment is the LPR announced on 20 April 2021, being 4.65%, which gives rise to an applicable interest rate of 5.1205% for the first Lease Payment. The applicable interest rate will be adjusted annually on the first quarterly Lease Payment in each year of the Finance Period II, which will, after adjustment, equal to the LPR in the month before such quarterly Lease Payment plus 0.4705%. Assuming the applicable interest rate was 5.1205% throughout the Finance Period II, the total Lease Payments would be approximately RMB272.5 million (approximately HK\$324.4 million).

The Lease Payments and the applicable interest rate were determined after arm's length negotiation between the Lessee and the Financier with reference to the prevailing market cost of buildings and auxiliary facilities finance lease.

LETTER FROM THE BOARD

The 0.4705% premium, which is fixed, is determined with reference to, among others, the prevailing market interest rate, the amount of the security deposit and the amount of the handling fee payable by the Group under the Finance Lease Agreement II. It is a common market practice for the finance lease companies in the PRC to charge a premium on top of the LPR for finance leases. In determining and agreeing on the premium, the Group considered the interest rates charged by various finance lease companies in the PRC regarding the Buildings and Auxiliary Facilities, where interest rates per annum ranged from adding 55 to 285 basic points (each basic point represents 0.01%) above the LPR. The Company has evaluated the difference between the interest rate of the Finance Lease Agreement I and the interest rate of the Finance Lease Agreement II. The interest rate of the Finance Lease Agreement II was requested by the Financier after the negotiation between the Financier and the Lessee, and was accepted by the Company because the Company considered that the interest rate of the Finance Lease Agreement II is part of the overall costs of the Finance Lease Agreements and the average interest rate of the Finance Lease Agreements is also within the said range. Hence, the interest rate of the Finance Lease Agreement II is on normal commercial terms, fair and reasonable.

After considering the overall costs of the finance lease, such as the security deposit of RMB7.6 million (representing 4% of the Purchase Price II), the amount of the handling fee of RMB1.1 million (representing approximately 0.58% of the Purchase Price II) and the interest rate, the Board is of the view that the applicable interest rate adjusted based on the aforesaid adjusting mechanism falls below the abovementioned range of interest rates and hence, the total Lease Payments so determined are fair and reasonable.

LETTER FROM THE BOARD

Security documents: As security for the due performance of all the Lessee's obligations under the Finance Lease Agreement II, the Lessee, the Company and certain wholly-owned subsidiaries of the Company (namely Century Concord Wind Power and Yongzhou Jiepai) shall, in favour of the Financier, execute the Security Documents consisting of the guarantees, the pledges on (i) the equity interest in the Lessee and (ii) receivables arising from the operation of the Power Plant, and the mortgages of the land where the Power Plant is situated, the Equipment and the Buildings and Auxiliary Facilities.

The Finance Lease Agreement II and the Security Documents have no material adverse effect on the operation and management of the Group's businesses.

Security deposit: An amount of RMB7.6 million (approximately HK\$9 million), being 4% of the Purchase Price II, shall be paid by the Lessee to the Financier as deposit to secure the due performance of the Lessee's payment obligations under the Finance Lease Agreement II, which shall be paid before the payment of the first instalment of the Purchase Price II. The security deposit will be used to offset the last Lease Payment of the Finance Period II.

The amount of the security deposit is determined after arm's length negotiation between the Financier and the Lessee, having taken into account that (i) the security deposit falls within the range of the security deposits quoted by various finance lease companies in the PRC (which ranged from 0% to 5% of the Purchase Price); and (ii) the overall financing costs of the Finance Lease Arrangement II, including the floating interest rate and the handling fee. Accordingly, the Board is of the view that the security deposit is on normal commercial terms, fair and reasonable.

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- Handling fee: The Lessee shall pay to the Financier a handling fee of approximately RMB1.1 million (approximately HK\$1.3 million) representing approximately 0.58% of the Purchase Price II before the payment of the first instalment of the Purchase Price II. The handling fee was determined after arm's length negotiation between the parties with reference to the overall market cost of fund for equipment leasing (comprising the amount of handling fee (if any), interest rate and the amount of security deposit (if any) under comparable transactions) and the handling fee quoted by various finance lease companies in the PRC (ranged from 0% to 5%). The handling fee of approximately 0.58% of the Purchase Price II falls within the said range. The Company has evaluated the difference between the handling fee of the Finance Lease Agreement I and the handling fee of the Finance Lease Agreement II. The handling fee of the Finance Lease Agreement II was requested by the Financier after the negotiation between the Financier and the Lessee, and was accepted by the Company because the Company considered that the handling fee of the Finance Lease Agreement II is part of the overall costs of the Finance Lease Agreements and the average handling fee of the Finance Lease Agreements is also within the said range. Hence, the handling fee of the Finance Lease Agreement II is on normal commercial terms, fair and reasonable.
- Buyback option: Upon the expiry of the Finance Period II, the Lessee has the option to buy back the Buildings and Auxiliary Facilities from the Financier at a consideration of RMB10,000.

APRIL 2021 FINANCE LEASE ARRANGEMENTS

April 2021 Finance Lease Arrangement I

On 28 April 2021, the Seller, Fanshi County Century Concord Wind Power Co., Ltd.* (繁峙縣協合風力發電有限公司) (“**Fanshi Century Concord**”) (a wholly-owned subsidiary of the Company) and the Financier agreed on the April 2021 Finance Lease Arrangement I, pursuant to which the Financier has purchased certain equipment (the “**Fanshi**

LETTER FROM THE BOARD

Equipment) from the Seller at a purchase price of RMB90 million (approximately HK\$107.1 million) (the **“Fanshi Purchase Price I”**), and then Fanshi Century Concord have leased the Fanshi Equipment from the Financier in consideration of Fanshi Century Concord paying to the Financier quarterly lease payments for a lease period of 2 years. Under the April 2021 Finance Lease Arrangement I, the interest rate is fixed at 4.845% for the lease period, and the total lease payments will be approximately RMB107.5 million (approximately HK\$128 million).

April 2021 Finance Lease Arrangement II

On 28 April 2021, Fanshi Century Concord and the Financier agreed on the April 2021 Finance Lease Arrangement II, pursuant to which the Financier has acquired certain buildings and auxiliary facilities (the **“Fanshi Buildings and Auxiliary Facilities”**) from the Seller at a purchase price of RMB25 million (approximately HK\$29.8 million) (the **“Fanshi Purchase Price II”**) and then Fanshi Century Concord has leased the Fanshi Buildings and Auxiliary Facilities back from the Financier in consideration of Fanshi Century Concord paying to the Financier quarterly lease payments for a lease period of 2 years. Under the April 2021 Finance Lease Arrangement II, the interest rate is fixed at 5.225% for the lease period, and the total lease payments will be approximately RMB27.6 million (approximately HK\$32.9 million).

The sum of the Fanshi Purchase Price I and the Fanshi Purchase Price II amounts to RMB115 million (approximately HK\$136.9 million).

SEPTEMBER 2020 FINANCE LEASE ARRANGEMENTS

On 11 September 2020, the Fuchuan Century Concord Xinzhao Wind Power Co., Ltd.* (富川協合新造風力發電有限公司) (**“Fuchuan Century Concord”**) (a wholly-owned subsidiary of the Company), being the lessee, and the Financier entered into the September 2020 Finance Lease Arrangements pursuant to which the Financier has purchased certain equipment (the **“Fuchuan Equipment”**) from the Seller at a total purchase price of RMB305 million (approximately HK\$363.1 million) (the **“Fuchuan Purchase Price”**), and then Fuchuan Century Concord have leased the Fuchuan Equipment from the Financier in consideration of Fuchuan Century Concord paying to the Financier quarterly lease payments for a lease period of 3 years. Under the September 2020 Finance Lease Arrangements, the total lease payments will be approximately RMB348.8 million (approximately HK\$415.2 million).

For more details of the September 2020 Finance Lease Arrangements, please refer to the announcement of the Company dated 11 September 2020.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

Based on the Company's previous dealings with the Financier, the Company noted that in some previous cases of similar finance lease arrangements, the Financier charged higher interest rates for equipment than those for buildings and auxiliary facilities, and in some other cases it charged higher interest rates for buildings and auxiliary facilities than those for equipment. Likewise, the same happened to the rate of handling fees for finance lease arrangements relating to equipment, and building and auxiliary facilities. The Company understands that the Financier determined the amounts of interest rates and handling fees with reference to the funds available to it and the cost for such funds, the expected dates of payment of the purchase prices under the finance lease arrangements and their required return therefor. After receiving the proposal from the Financier on the interest rates, the amount of the handling fees and the payment schedules for the purchase prices, and the Lease Payments for the Finance Lease Arrangements, the Group assessed the individual and overall cost of funds under the Finance Lease Arrangement I and Finance Lease Arrangement II, and compared the proposals on the same offered by other independent third party financiers. In particular, the Group assessed and compared the cost of funds under the terms proposed by the Financier in respect of Finance Lease Arrangement I with other independent third party financiers. Based on the said assessment and comparison, and after arm's length negotiations between the Group and the Financiers, the aforesaid interest rates, amount of handling fees and payment schedule were agreed upon by them. Hence, the Company considers that the interest rates and the handling fees for the each of the Finance Lease Arrangement I and the Finance Lease Arrangement II are fair and reasonable and in the interest of the Shareholders as a whole.

The entering into the Finance Lease Arrangements is in the ordinary and usual course of business of the Group, which allows the Group to obtain financial resources and gain access to certain equipment, and the buildings and auxiliary facilities as required for its operations. The Directors consider that the terms of the Finance Lease Arrangements are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders as a whole. According to the Hong Kong Financial Reporting Standards, the transactions under the Finance Lease Arrangements will not give rise to any disposal gain or loss to be recorded by the Group.

INTENDED USE OF PROCEEDS

The Company will generate a total net disposal proceeds of approximately RMB1,093 million, which will be used for the acquisition of the Equipment and the acquisition and construction of the Buildings and Auxiliary Facilities.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENTS ON THE GROUP

Concerning the financial impact of the Group as a result of the Finance Lease Arrangements, the total asset would increase by RMB1,100 million to reflect the Purchase Price I and the Purchase Price II. In addition, the total liability of the Group will also increase by RMB1,100 million to reflect the accounting treatment of the financial lease of the Equipment and the Buildings and the Auxiliary Facilities. Pursuant to the Finance Lease Arrangements, the estimated aggregate interest during the Finance Period I and the Finance Period II will be approximately RMB478.5 million.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENTS

The Company is an investment holding company. The Group is principally engaged in (i) investing in wind and solar power projects and (ii) offering professional technical services and integrated solutions to the wind and solar power generation projects.

The Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the operation of wind power generation projects in the PRC.

The Seller is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for wind and photovoltaic power generation projects in the PRC.

The Financier is a company established in the PRC, which is principally engaged in the business of finance leasing. Insofar as the Company is aware, the Financier is owned as to 39% by Huaneng Capital Service Co., Ltd.* (華能資本服務有限公司), which is owned as to 61.23% by China Huaneng Group Corporation Limited* (中國華能集團有限公司) (being wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC), as to 21% by China Huaneng Group Hongkong Co. Ltd.* (中國華能集團香港有限公司) (being wholly owned by China Huaneng Group Corporation Limited* (中國華能集團有限公司)), as to 20% by Huaneng Power International, Inc.* (華能國際電力股份有限公司) (being a company listed on the Stock Exchange (stock code: 902) and the Shanghai Stock Exchange (stock code: 600011)), as to 10% Huaneng Lancang River Hydropower Inc.* (華能瀾滄江水電股份有限公司) (being a company listed on the Shanghai Stock Exchange (stock code: 600025)), as to 5.56% by Huaneng Renewables Corporation Limited* (華能新能源股份有限公司) (being a company owned as to 95% by China Huaneng Group Corporation Limited* (中國華能集團有限公司) and as to 5% by Huaneng Capital Service Co., Ltd.* (華能資本服務有限公司)), and as to 4.45% by Huaneng Renewables (Hong Kong) Limited (華能新能源(香港)有限公司) (being wholly

LETTER FROM THE BOARD

owned by Huaneng Renewables Corporation Limited* (華能新能源股份有限公司). The Financier is ultimately owned as to 47.61% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Apart from the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, there is no one single ultimate beneficial owner holding more than 30% of the shareholding interest in the Financier and the Financier has a wide ultimate beneficial owner base.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Financier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest Applicable Percentage Ratio of the September 2020 Finance Lease Arrangements by itself exceeded 5% but was less than 25%, the entering into the September 2020 Finance Lease Arrangements constituted a discloseable transaction for the Company and was thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules. Accordingly, an announcement was made by the Company on 11 September 2020 for the September 2020 Finance Lease Arrangements. The highest Applicable Percentage Ratio for the transaction under the April 2021 Finance Lease Arrangements was less than 5%. The highest Applicable Percentage Ratio of the September 2020 Finance Lease Arrangements and the April 2021 Finance Lease Arrangements on an aggregated basis exceeded 5% but was less than 25%.

As the highest Applicable Percentage Ratio for the Finance Lease Arrangements as a whole exceeds 25% but is less than 75%, the entering into the Finance Lease Arrangements as a whole constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is thus subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Previous Finance Lease Arrangements were conducted within a 12-month period before the date of the Finance Lease Agreement I and the Finance Lease Agreement II, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeds 25% but is less than 75%, the Aggregated Transactions on an aggregated basis constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM is convened by the Company to consider and, if thought fit, approve the Finance Lease Arrangements by the Shareholders. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under Finance Lease Arrangements and is required to abstain from voting on the relevant resolutions at the SGM.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING

The SGM will be held at 10:00 a.m. on Thursday, 8 July 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for the purposes of considering and, if thought fit, approving, among other things, the agreements executed pursuant to the Finance Lease Arrangements and the transactions contemplated thereunder. A notice convening the SGM and a form of proxy for use at the SGM are enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so desire.

In compliance with the Listing Rules, the resolutions put to vote at the SGM will be decided by way of poll.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the agreements executed pursuant to the Finance Lease Arrangements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out elsewhere in this circular and in the appendices to it.

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

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2020

Consolidated financial information of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnegroup.com) respectively:

- Annual Report 2020 (pages 94 to 300):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0407/2021040701680.pdf>
- Annual Report 2019 (pages 208 to 428):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042901834.pdf>
- Annual Report 2018 (pages 175 to 399):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0325/lt201903251186.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 30 April 2021, being the latest practicable date for ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had outstanding bank borrowings of approximately RMB1,232,620,000. Among these bank borrowings, there were (i) unsecured and guaranteed bank loans of RMB168,302,000, and (ii) secured and guaranteed bank loans of RMB1,064,318,000, which were secured by fixed assets with net carrying value of approximately RMB403,482,000, account receivables with carrying value of approximately RMB458,677,000 and share capital with net carrying value of RMB0.

Besides, the Group had outstanding finance lease from third parties of approximately RMB7,198,387,000, which was guaranteed by the Company and/or subsidiaries of the Company, and was secured by fixed assets with net carrying value of approximately RMB6,677,205,000, account receivables with carrying value of approximately RMB960,007,000 and share capital with net carrying value of approximately RMB2,216,126,000. There was a contingent liability of RMB422,285,000, which was guaranteed by the Company and/or subsidiaries of the Company and was unsecured.

In addition, the Group had issued the unsecured bonds guaranteed by the Company and/or subsidiaries of the Company to third parties of approximately RMB991,080,000.

Save as aforesaid and apart from intra-group liabilities, as at 30 April 2021, the Group did not have any other outstanding mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance creditors, or guarantees or other contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that taking into account of the financial resources available to the Group including internally generated funds and the available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In 2020, the Group have overcome many difficulties especially the COVID-19 pandemic, and finally achieved outstanding results with higher key operating indicators, better asset quality, stronger resistant ability against risks, and more project reserves. During the year ended 31 December 2020, the Group had a total of 13 projects (1,068MW in total) included in the Wind Power and Photovoltaic Power Construction Plans for 2020 published by the state and various provinces. New construction index obtained and newly approved projects during the year ended 31 December 2020 were all high-quality grid parity projects with larger scale and better resource conditions. In 2020, the attributable installed capacity of newly put into production projects reached a record high, reaching 662MW. Besides, by implementing the “build and transfer” strategy, the Group sold certain renewable energy subsidised power plants with a total installed capacity attributable to the Group of 643.7MW. The Group’s attributable power generation amounted to 4.75 billion kWh in the year, representing an increase of 8.7% over last year, and realized a revenue of RMB2.001 billion, an increase of 9.0% over the same period last year.

In 2020, the environment of the renewable energy industry has undergone tremendous changes. China proposed the targets of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060 and listed it as one of the key tasks of Central Economic Work in 2021. New energy power generation such as wind and photovoltaic power generation is an important means to achieve the targets of peaking carbon dioxide emissions and achieving carbon neutrality, as well as the goal of “the total installed capacity of wind power and solar power generation reaching 1,200GW or above by 2030” proposed by China. Wind and photovoltaic power generation will usher in the opportunity of accelerated development. After fifteen years of development, the Group has laid a solid foundation and formed multi-business synergetic development layout composed of power plant investment, intelligent O&M and R&D of energy IoT, engineering consultancy and design as well as financial leasing, accumulating extensive experience in human resources, financial resources, intangible assets and industry experience. The Group has sufficient project reserves, and possesses strong development capability and professional construction capability in the industry, and its competitiveness in the industry has been greatly improved. The Group is confident to seize the opportunities for development in the industry and achieve the sustainable and healthy development in the long run.

In 2021, the Group will continue to implement the principle of steady development, strengthen its strategic research and actively adjust its operation strategies according to changes in the industry. The Group will be committed to lowering the levelized cost of energy, continuously optimizing asset quality, vigorously developing high-quality photovoltaic and wind power projects, accelerating the progress of project construction and production, and vigorously developing the service business to build an influential service business brand in the industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Directors' and chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporation**

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any interests in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which he/she was taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) in the Listing Rules to be notified to the Company and the Stock Exchange:

Long positions in the Shares:

Name of the Directors	Nature of interest				Total	Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate			
Liu Shunxing	27,000,000 ⁽¹⁾	—	1,845,484,242 ⁽¹⁾		1,872,484,242	22.38
Liu Jianhong	23,710,000 ⁽²⁾	—	150,000,000 ⁽²⁾		173,710,000	2.08
Gui Kai	11,600,000	—	—		11,600,000	0.14
Niu Wenhui	12,000,000	—	—		12,000,000	0.14
Shang Jia	4,000,000	—	—		4,000,000	0.05
Yap Fat Suan, Henry	2,000,000	—	—		2,000,000	0.02
Jesse Zhixi Fang	1,800,000	—	—		1,800,000	0.02
Huang Jian	1,800,000	—	—		1,800,000	0.02
Zhang Zhong	1,800,000	—	—		1,800,000	0.02

Notes:

- (1) 1,147,877,155 shares are held by China Wind Power Investment Limited (CWPI) and 697,607,087 shares are held by Splendor Power Limited. CWPI is wholly-owned by Permanent Growth Limited. Mr. Liu Shunxing held as to 46.77% of the issued shares of Permanent Growth Limited and held as to 99% of the issued shares of Splendor Power Limited. Mr. Liu Shunxing beneficially holds 27,000,000 Shares.
- (2) 150,000,000 shares are held by a discretionary trust for which Ms. Liu Jianhong is the founder and settlor and can influence how the trustee exercises its discretion. Ms. Liu Jianhong beneficially holds 23,710,000 Shares.

(ii) Directors' other interests

- (a) As of the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.
- (c) As of the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.
- (d) As at the Latest Practicable Date, save for Mr. Liu Shunxing (“**Mr. Liu**”) and Ms. Liu Jianhong are the directors of China Wind Power Investment Limited and Mr. Liu is a director of Permanent Growth Limited and Splendor Power Limited, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL CONTRACTS

The following contracts, including contracts not entered into in the ordinary course of business, were entered into by the Group within the two years preceding the date of this circular and are or may be material:

- (a) On 27 November 2019, Yongzhou Jiepai entered into an equity transfer agreement with China Nuclear Shandong Energy Co., Ltd.* (中核山東能源有限公司) (“**China Nuclear Shandong**”) and Tongdao Century Concord Wind Power Co., Ltd.* (通道協合風力發電有限公司) (“**Tongdao Century Concord**”), pursuant to which Yongzhou Jiepai agreed to sell and China Nuclear Shandong agreed to acquire the entire equity interest in Tongdao Century Concord, at the consideration of RMB244,380,000, payable by China Nuclear Shandong in accordance with the terms and conditions of the said equity transfer agreement.

- (b) On 17 April 2020, Yongzhou Jiepai (as vendor) and Shanghai Shenneng New Energy Investment Co., Ltd.* (上海申能新能源投資有限公司) (“**Shanghai Shenneng**”) (as purchaser) entered into (i) an equity transfer agreement pursuant to which, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Yongzhou Dongtian Century Concord Wind Power Co., Ltd.* (永州東田協合風力發電有限公司), at the consideration of RMB92,344,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the said equity transfer agreement; and (ii) an equity transfer agreement pursuant to which, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Nanzhao Juhe Wind Power Co., Ltd.* (南召聚合風力發電有限公司), at the consideration of RMB206,251,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the said equity transfer agreement.
- (c) On 7 May 2020, Century Concord (as vendor) and Shanghai Shenneng (as purchaser) entered into an equity transfer agreement, pursuant to which, Century Concord agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Lingbao Century Concord Wind Power Co., Ltd.* (靈寶協合風力發電有限公司), at the consideration of RMB131,764,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the said equity transfer agreement.
- (d) On 8 September 2020, the Company commenced (i) the exchange offer with respect to the Company’s outstanding senior notes (the “**Existing Notes**”) pursuant to which an offer is made to exchange Existing Notes for the US\$ denominated senior notes to be issued by the Company (the “**New Notes**”); and (ii) a concurrent offering to issue and sell additional New Notes that will form a single series with the corresponding New Notes to be issued under the said exchange offer.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment compensation (other than statutory compensation)).

6. SECRETARY OF THE COMPANY

The secretary of the Company is Mr. Chan Kam Kwan, Jason. Mr. Chan holds a certificate of Certified Public Accountant issued by the Washington State Board of Accountancy in the United States, and has extensive experience acting as company secretary for listed companies.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for a period of 14 days from the date of this circular:

1. the Company's memorandum of association and by-laws;
2. the annual reports of the Company for the two financial years ended 31 December 2020;
3. the circulars issued by the Company dated 14 April 2021, 23 April 2021 and 7 May 2021; and
4. the material contracts referred to in the section headed "3. Material Contracts" in this appendix.

8. MISCELLANEOUS

The correspondence address of the Company is at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the special general meeting (“SGM”) of Concord New Energy Group Limited (the “Company”) will be held at 10:00 a.m. on Thursday, 8 July 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong to consider and, if thought fit, pass the following ordinary resolutions of the Company:

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 21 June 2021.

RESOLUTIONS

1. “**THAT** the Sale and Purchase Agreement and the Finance Lease Agreement I (as defined in the circular of the Company dated 21 June 2021), copies of which are signed by the chairman of the SGM for identification purpose and have been tabled at the SGM, and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one or two of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”
2. “**THAT** conditional upon the passing of the Resolution No.1 set out in this notice of SGM, the Finance Lease Agreement II (as defined in the circular of the Company dated 21 June 2021), copy of which is signed by the chairman of the SGM for identification purpose and has been tabled at the SGM), and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one or two of the directors of the Company be and is hereby

* *For identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”

For and on behalf of
Concord New Energy Group Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 21 June 2021

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the branch share registrar of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
3. Completion and return of the form of proxy will not preclude a member from attending the SGM or at any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. If tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons or a black rainstorm warning is in effect at any time after 7 a.m. on Thursday, 8 July 2021, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.
5. The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
6. As required under the Listing Rules, the above resolution(s) will be decided by way of poll.