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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or their registered dealer in securities, 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 enclosed proxy form, to the purchaser or 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 transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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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)**

**PROPOSED ISSUE OF CONVERTIBLE LOAN  
UNDER SPECIFIC MANDATE  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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Capitalised terms used on this cover have the same meanings as those defined in the section headed "Definitions" in this circular.

The SGM will be held at 10:00 a.m. on Wednesday, 13 March 2019 at Unit 3901, 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 22, 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.

\* *For identification purpose only*

25 February 2019

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## DEFINITIONS

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

“30-DAY VWAP”	as of any date, arithmetic average of the volume weighted average price of the Shares on each day during the 30 trading days immediately preceding such date
“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“Additional Loan”	the convertible loan of US\$20,000,000 to be advanced by Goldman Sachs to the Company upon Goldman Sachs’ exercise of the Additional Loan Right, which will consist of three tranches drawable in one disbursement as follows: (i) Tranche I being US\$8,000,000; (ii) Tranche II being US\$6,000,000; and (iii) Tranche III being US\$6,000,000
“Additional Loan Conversion Right”	the right to convert the Additional Loan into the Additional Loan Conversion Shares
“Additional Loan Conversion Shares”	the Shares to be allotted and issued by the Company to a Lender upon a conversion of its participation in the Additional Loan (or the relevant part thereof) where the Lender is the lender of record for all or that portion of the Additional Loan that is being converted into Shares in accordance with the terms and conditions of the Additional Loan Documents
“Additional Loan Documents”	the new documents as may be necessary to document the Additional Loan which shall be entered into within 40 Business Days after the date of the Additional Loan Notice
“Additional Loan Notice”	the notice in writing to be served by Goldman Sachs to the Company to exercise the Additional Loan Right
“Additional Loan Right”	the option and the right (exercisable in the sole and absolute discretion of Goldman Sachs) granted by the Company to Goldman Sachs to advance the Additional Loan, which right may be exercised by Goldman Sachs within 12 months after the Disbursement Date

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## DEFINITIONS

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“Announcements”	the announcements of the Company dated 13 December 2018 and 16 January 2019 in relation to the Convertible Loan Agreement
“Board”	the board of Directors
“Business Day”	a day when banks are open for business in Hong Kong and (in relation to any date for payment or purchase of US\$) New York
“Change of Control”	<p>any of the following situations:</p> <ul style="list-style-type: none"><li>(i) any person or group of persons acting in concert (other than certain ultimate beneficial owners of CWPI) gains the power (whether through the ownership of voting capital, by contract or otherwise and whether such power has been exercised) to elect a majority number of the Directors; or</li><li>(ii) there is an occurrence of a change of control or any other events analogous to the events described in paragraph (i) above in respect of the ownership of the Shares and/or control of the Company (irrespective of the nature, amount or degree (as applicable) of the change of such ownership or control required for such event to be triggered) which: (a) is a misrepresentation, breach of covenant, event of default or prepayment event (however described) under any agreement or otherwise; and (b) entitles a creditor, shareholder or investor to declare any financial debt, preferred stock or any other amount owed under an agreement due and payable before its specified maturity and/or to cancel or suspend any commitment for any such financial debt or preferred stock</li></ul>
“Commitment”	<ul style="list-style-type: none"><li>(i) in relation to Goldman Sachs, US\$30,000,000; and</li><li>(ii) in relation to any other Lender, the amount in US\$ of any Commitment transferred or assigned to it under the Convertible Loan Agreement</li></ul>

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## DEFINITIONS

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“Company”	Concord New Energy Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 182)
“Conversion Price”	the price per Share, which initially is (i) HK\$0.5 per Share (for Tranche I); (ii) HK\$0.55 per Share (for Tranche II); and (iii) HK\$0.6 per Share (for Tranche III), subject to adjustments as set forth in the Convertible Loan Agreement
“Conversion Right”	the right to convert the Convertible Loan into the Conversion Shares pursuant to the Convertible Loan Agreement
“Conversion Shares”	the Shares to be allotted and issued by the Company to a Lender upon a conversion of its participation in the Convertible Loan (or the relevant part thereof) where the Lender is the lender of record for all or that portion of the Convertible Loan that is being converted into Shares in accordance with the terms and conditions of the Convertible Loan Agreement
“Convertible Loan”	the convertible loan of US\$30,000,000 granted by Goldman Sachs to the Company pursuant to the Convertible Loan Agreement which will consist of three tranches drawable in one disbursement as follows: (i) Tranche I being US\$12,000,000; (ii) Tranche II being US\$9,000,000; and (iii) Tranche III being US\$9,000,000
“Convertible Loan Agreement”	the convertible loan agreement dated 13 December 2018 between the Company and Goldman Sachs, as amended and restated on 16 January 2019 pursuant to the amendment and restatement request letter issued by the Company and counter-signed by Goldman Sachs
“CWPI”	China Wind Power Investment Limited, a company incorporated in the British Virgin Islands
“Director(s)”	director(s) of the Company from time to time
“Disbursement”	the disbursement of the Convertible Loan

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## DEFINITIONS

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“Disbursement Date”	the date on which the Disbursement shall be made by Goldman Sachs to the Company
“Distribution”	on a per Share basis, (i) any distribution of assets <i>in specie</i> by the Company for any financial period whenever paid or made and however described (and for these purposes a distribution of assets <i>in specie</i> includes, without limitation, an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves, but excludes a scrip dividend adjusted for under (ii) of this definition); and (ii) any cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a scrip dividend) of any kind by the Company for any financial period (whenever paid and however described) unless it comprises a purchase or redemption of the Shares by or on behalf of the Company (or a purchase of the Shares by or on behalf of a subsidiary of the Company), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the 30-Day VWAP of the Shares by more than five per cent. either (1) on that date, or (2) where an announcement has been made of the intention to purchase the Shares at some future date at a specified price, on the trading day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a trading day, the immediately preceding trading day
“General Mandate”	the general mandate granted to the Board to allot and issue new Shares by the Shareholders at the annual general meeting held on 28 May 2018
“Goldman Sachs”	Goldman Sachs Asia Strategic Pte. Ltd., a company incorporated and existing under the laws of Singapore, which is a wholly-owned indirect subsidiary of The Goldman Sachs Group, Inc.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFC CN”	the convertible loan in the principal amount of HK\$233,800,000 issued to International Finance Corporation pursuant to the convertible loan agreement dated 28 December 2017
“Independent Third Party(ies)”	a third party/third parties independent of and not connected with the Company and its connected persons
“Interest Payment Date”	15 January and 15 July in each year
“IRR”	the internal rate of return of a specified percentage on a Lender’s investment in the Company pursuant to the Convertible Loan calculated from the date of the Disbursement, expressed as an annualized rate based on a 360-day period used to discount each cash flow with respect to the Convertible Loan in US\$, calculated from the date or dates of such cash flows and taking into account both the timing of receipt or payment in US\$ (including all interest and any non-conversion premium payable but excluding default interest and reimbursement of any costs and expenses), accrued on that portion of the Convertible Loan (if any) that has not been converted into Conversion Shares, such that the present value of the aggregate of such cash flows equals zero
“Latest Practicable Date”	21 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lenders	Goldman Sachs and any bank, financial institution, trust, fund or other entity which has become a party in accordance with the terms of the Convertible Loan Agreement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Majority Lender”	a Lender or Lenders whose Commitment(s) aggregate more than 50 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50 per cent. of the Total Commitments immediately prior to the reduction of the Total Commitments to zero)
“Material Adverse Effect”	a material adverse effect on (a) the Company’s and its subsidiaries’ business, operations, property, liabilities, condition (financial or otherwise), prospects or the carrying on of the Company’s and its subsidiaries’ business or operations; or (b) the ability of the Company and its subsidiaries to comply with their respective obligations under the Convertible Loan Agreement or under any other transaction document to which it is a party
“Maturity Date”	the date falling five years after the Disbursement Date
“PRC”	the People’s Republic of China
“Prohibited Transfer”	with respect to any Shares (or share capital or other interest through which the Shares are owned indirectly), a transfer, a lien, grant of an option, conditional sale, conditional transfer or other conditional disposition over such Shares (or share capital or other interest through which the Shares are owned indirectly)
“Redemption Premium”	with respect to any portion of the Convertible Loan that has not been converted into the Conversion Shares, an amount (payable in US\$) which is required to provide a Lender with an IRR in respect of such non-converted portion of the Convertible Loan of seven per cent.
“Relevant Cash Dividend”	the aggregate cash dividend or distribution declared by the Company, including any cash dividend in respect of which there is any scrip dividend
“SFC”	Securities and Futures Commission



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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Unit 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Wednesday, 13 March 2019, the notice of which is set out on pages 33 to 34 of this circular, or where the context so admits, any adjournment of such meeting for the purpose of considering and if thought fit, approving the Convertible Loan Agreement and the transactions contemplated thereunder (in particular, the grant of the right to Goldman Sachs to advance the Additional Loan) and grant of the Specific Mandate
“Share(s)”	ordinary share(s) of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 15 June 2015
“Share Retention Agreement”	the share retention agreement dated 13 December 2018 entered into among the Company, Mr. Liu Shunxing and Goldman Sachs
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Additional Loan Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Total Commitments”	the aggregate of the Commitments, being US\$30,000,000 at the date of the Convertible Loan Agreement
“Total Conversion Shares”	the Conversion Shares and the Additional Loan Conversion Shares

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## DEFINITIONS

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“US\$” United States dollar(s), the lawful currency of the United States of America

“%” per cent.

*This circular contains translations between US\$ and HK\$ at US\$1.00 = HK\$7.81. The translations are not representations that the US\$ and HK\$ amounts could actually be converted at such rate, if at all.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Liu Shunxing (*Chairman*)  
Ms. Liu Jianhong (*Vice Chairperson*)  
Mr. Yu Weizhou (*Chief Executive Officer*)  
Mr. Niu Wenhui  
Mr. Gui Kai  
Dr. Shang Li

*Non-executive Director:*

Mr. Wu Shaohua

*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  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*

Suite 3901  
Far East Finance Centre  
16 Harcourt Road  
Admiralty  
Hong Kong

25 February 2019

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED ISSUE OF CONVERTIBLE LOAN  
UNDER SPECIFIC MANDATE  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

References are made to the Announcements dated 13 December 2018 and 16 January 2019 in relation to the Convertible Loan Agreement and the amendments made thereto.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information in respect of, among other things, further details of the Convertible Loan Agreement, the Additional Loan together with notice of the SGM to consider and, if thought fit, the approve the resolution in relation to the Convertible Loan Agreement and the transactions contemplated thereunder (in particular, the grant of the right to Goldman Sachs to advance the Additional Loan) and grant of the Specific Mandate.

### BACKGROUND

On 13 December 2018, the Board announced that the Company entered into the Convertible Loan Agreement with Goldman Sachs whereby, among other things, Goldman Sachs agreed to lend and the Company agreed to borrow the Convertible Loan in a principal amount of US\$30,000,000 (drawable in one Disbursement). As a condition to the Disbursement, on the same date, the Company, Goldman Sachs and Mr. Liu Shunxing (the Chairman of the Board, an executive Director and a substantial Shareholder) entered into the Share Retention Agreement whereby, among other things, Mr. Liu Shunxing agreed to maintain directly and indirectly the beneficial owner of no less than 1,100,000,000 Shares (determined on a fully diluted basis) free from all Prohibited Transfer and a breach thereof will constitute an event of default under the Convertible Loan Agreement.

In the Convertible Loan Agreement, the Company agreed to grant to Goldman Sachs the option and the right to advance the Additional Loan of up to an aggregate principal amount of US\$20,000,000 to the Company and the Additional Loan Conversion Shares to be allotted and issued upon exercise of the Additional Loan Conversion Right attaching to the Additional Loan will be allotted and issued pursuant to the General Mandate.

Following the publication of the announcement dated 13 December 2018, the Company received a post-vetting enquiry fax from the Stock Exchange in which it was stated, among other things, that the grant of the right to advance the Additional Loan under the General Mandate may not be in compliance with Rule 13.36(7) of the Listing Rules. In consideration of the Stock Exchange's concerns and to ensure full compliance with Rule 13.36(7) of the Listing Rules, the Company and Goldman Sachs entered into negotiations and reached consensus on certain amendments to be made to the Convertible Loan Agreement. On 16 January 2019, the Company issued to Goldman Sachs the amendment and restatement request letter, which was counter-signed by Goldman Sachs on the same date, to amend the terms of the Convertible Loan Agreement which shall be amended and restated in the form set out in the schedule to the said letter.

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## LETTER FROM THE BOARD

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Under the Convertible Loan Agreement (as amended and restated on 16 January 2019), (i) the grant of the right to advance the Additional Loan pursuant to the Convertible Loan Agreement will be subject to the approval of the Shareholders at the SGM; and (ii) the Additional Loan Conversion Shares will be allotted and issued pursuant to the Specific Mandate. As such, the Company will convene the SGM for the purpose of obtaining the Shareholders' approvals on the Convertible Loan Agreement and the transactions contemplated thereunder (in particular, the grant of the right to Goldman Sachs to advance the Additional Loan) and grant of the Specific Mandate.

A summary of the salient terms of the Convertible Loan Agreement (as amended and restated on 16 January 2019) is set out below:

### **CONVERTIBLE LOAN AGREEMENT**

#### **Date**

13 December 2018 (as amended and restated on 16 January 2019)

#### **Parties**

- (i) The Company (as borrower)
- (ii) Goldman Sachs (as lender)

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Goldman Sachs and its ultimate beneficial owners are Independent Third Parties.

#### **Major terms of the Convertible Loan**

##### ***Principal Amount***

US\$30,000,000

The Convertible Loan is divided into three tranches with Tranche 1, Tranche 2 and Tranche 3 being US\$12,000,000, US\$9,000,000 and US\$9,000,000, respectively.

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## LETTER FROM THE BOARD

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The division of the principal amount of each of the Convertible Loan and the Additional Loan as well as the principal amount of each tranche is purely a commercial decision arrived at after arm's length negotiations between the parties to the Convertible Loan Agreement and the 4:3:3 weighting is the best deal that could be secured for the Company and is acceptable to Goldman Sachs. Goldman Sachs initially proposed that each of the Convertible Loan and the Additional Loan shall be divided into two tranches with 50% of the principal amount of the Convertible Loan/Additional Loan each. The Company counter-proposed that each of the Convertible Loan and the Additional Loan shall be divided into three tranches with 40%, 30% and 30% of the principal amount of the Convertible Loan/Additional Loan, respectively, and was agreed by Goldman Sachs after arm's length negotiations between the parties.

The reasons for counter-proposing three tranches as opposed to two tranches are that (i) the Conversion Price for Tranche I is the lowest among the three tranches and the Company tried to lower the weighting of the first tranche; and (ii) the Company tried to extend the conversion period and slow down the dilution of shareholdings of the other Shareholders if and upon conversion of the Convertible Loan/Additional Loan. Although the Convertible Loan in the principal amount of US\$30,000,000 is drawable in one Disbursement, the Convertible Loan is to be converted in three tranches. The Company is of the view that the dividing of the principal amount of each of the Convertible Loan and the Additional Loan into three tranches with 4:3:3 weighting (instead of two tranches with 1:1 weighting) can lower the weighting of the first tranche as the Conversion Price for Tranche I is the lowest among the three tranches as well as increase the weighting of the third tranche as the Conversion Price for Tranche III is the highest among the three tranches.

Assuming that the Share price rises to the Conversion Price of the last tranche in the future, the completion of the conversion under the current plan of three tranches with 4:3:3 weighting will take more time than two tranches with 1:1 weighting, thus the conversion period can be extended. Given that the shareholdings of the other Shareholders would be diluted upon conversion of the Convertible Loan/Additional Loan, the longer conversion period can slow down the dilution of shareholdings of the other Shareholders.

Based on the aforesaid, the Company is of the view that the current plan of dividing the principal amount of each of the Convertible Loan and the Additional Loan into three tranches with 4:3:3 weighting is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### *Disbursement*

The Company may request for the Disbursement by delivering to Goldman Sachs a Disbursement request at least five Business Days prior to the proposed date of the Disbursement and the Company may request only one Disbursement in the aggregate principal amount of US\$30,000,000.

The Disbursement Date shall fall on or before the date falling seven days from the date of the Convertible Loan Agreement (or such other date as the parties thereto may agree).

It is expected that the Disbursement Date will be the date on which the listing approval of the Conversion Shares is obtained.

### *Interest*

The outstanding principal of the Convertible Loan will bear interest at a rate of (i) 2% per annum for the period commencing on the Disbursement Date until the date falling on (but excluding) the third anniversary of the date of the Convertible Loan Agreement; and (ii) 5% per annum thereafter.

Interest period of the Convertible Loan shall be each period of six months in each case beginning on an Interest Payment Date and ending on the day immediately before the next following Interest Payment Date, except in the case of the first period applicable to the Disbursement, when it means the period beginning on the date on which the Disbursement is made and ending on the day immediately before the next following Interest Payment Date.

Interest shall accrue from day to day, be pro-rated on the basis of a 360-day year for the actual number of days in the relevant interest period and be payable in arrears on the Interest Payment Date immediately following the end of that interest period or, as applicable, on the Maturity Date subject to certain exceptional circumstances as provided in the Convertible Loan Agreement.

The parties to the Convertible Loan Agreement made reference to the prevailing interest rates of offshore bonds with BB- to BB+ credit ratings issued by companies (most of which are listed on the Main Board of the Stock Exchange) in September 2018 (which was the time when the Company and Goldman Sachs engaged in the negotiations on the terms of the Convertible Loan Agreement), which ranged from 8.25% to 9%. Since the current credit rating of the Company is BB-, the Company is of the view that making reference to the interest rates of offshore bonds issued by other companies with similar credit ratings (i.e. ranging from BB- to BB+) is fair and reasonable. The interest rates

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## LETTER FROM THE BOARD

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of the Convertible Loan and the Additional Loan (2% per annum for the first three years and 5% per annum for the remaining two years) are way below the said prevailing market rates and are an indication of Goldman Sachs' confidence over the prospects of the Group. The Company issued US\$200 million green bond with coupon rate of 7.9% per annum in early 2018. The Company noted that the interest rates for US\$ bonds issued by companies with credit ratings similar to the Company in the second half of 2018 are close to 10% per annum. Based on the aforesaid, the Company is of the view that the interest rates are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders.

### *Maturity Date*

The date falling five years after the Disbursement Date.

### *Repayment*

The Company shall repay the Convertible Loan in full on the Maturity Date, together with the Redemption Premium (if any). In deciding IRR for the Redemption Premium, the Company made reference to the prevailing interest rates of offshore bonds issued by the companies with BB- to BB+ credit ratings, and it is set as seven per cent., which was below the said prevailing market rates, after arm's length negotiations with Goldman Sachs.

### *Prepayment*

The Company may not voluntarily prepay the Convertible Loan or any part thereof.

The Majority Lenders may serve a written notice (a "**Prepayment Notice**") on the Company requiring the Company to: (i) at any time during the period commencing on (and including) the third anniversary of the date of the Convertible Loan Agreement and ending on the fourth anniversary of the date of the Convertible Loan Agreement (the "**First Prepayment Period**"), prepay the non-converted portion of the Convertible Loan within 45 days of the date of the relevant Prepayment Notice in the amount specified in the Prepayment Notice, provided such amount is not, when aggregated with all other amounts prepaid in response to Prepayment Notices during the First Prepayment Period, greater than one-third of the total amount of the Disbursement made on the Disbursement Date; and (ii) at any time during the period commencing on (and including) the fourth anniversary of the date of the Convertible Loan Agreement and ending on the Maturity Date (the "**Second Prepayment Period**"), prepay the non-converted portion of the Convertible Loan within 45 days of the date of the relevant Prepayment Notice in the amount specified in the Prepayment Notice, provided such amount is not, when aggregated with all other amounts



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## LETTER FROM THE BOARD

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prepaid in response to Prepayment Notices during the First Prepayment Period and the Second Prepayment Period, greater than two-thirds of the amount of the Disbursement made on the Disbursement Date.

The Majority Lenders also have the right to request for prepayment upon the occurrence of a Change of Control, under which the Company shall, within 45 days of the date of the prepayment notice served by the Majority Lenders, prepay the non-converted portion of the Convertible Loan in full.

On the date of any prepayment made, the Company must simultaneously pay all accrued interest on the amount of the Convertible Loan to be prepaid, together with all other amounts then due and payable under the Convertible Loan Agreement.

### *Conversion*

The Lenders have the right to convert all or any part of the outstanding principal amount of their respective participation in the Convertible Loan into Conversion Shares, credited as fully paid, at any time after the date of the Disbursement and prior to the Maturity Date.

If the Company fails to repay the Convertible Loan on the Maturity Date, the Lenders may continue to exercise its right to convert all or any part of the outstanding principal amount of their respective participation in the Convertible Loan up to and including the date on which the Lenders have received the repayment of the Convertible Loan in full (including all accrued interest, together with all other amounts then due and payable under the Convertible Loan Agreement).

### *Conversion price*

The Conversion Price is initially (i) HK\$0.5 per Share (for Tranche I); (ii) HK\$0.55 per Share (for Tranche II); and (iii) HK\$0.6 per Share (for Tranche III), subject to adjustments upon the occurrence of the following events:

- (i) any consolidation, subdivision or reclassification of the Shares;
- (ii) capitalisation of profits or reserves;
- (iii) an issue of Shares by way of scrip dividend where the 30-Day VWAP per Share on the date of announcement of the terms of such issue multiplied by the number of scrip dividend issued exceeds 105% of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution;

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## LETTER FROM THE BOARD

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- (iv) any Distribution is made by the Company to the Shareholders;
- (v) an issue of Shares by way of rights, or an issue or grant by way of rights, or options, warrants or other rights to Shareholders to subscribe for Shares at less than the higher of (i) HK\$0.50 (as adjusted to reflect any consolidation or subdivision of Shares, or issue of Shares by way of capitalisation of profits or reserves or any like or similar event, or the modification of any rights to dividends of Shares, or any change in the fiscal year of the Company) (the “**Triggering Price**”) and (ii) in the event that the 30-Day VWAP per Share on the date of the first public announcement of the terms of such issue or grant is between HK\$0.50 and HK\$0.90 (as adjusted to reflect any consolidation or subdivision of Shares, or issue of Shares by way of capitalisation of profits or reserves or any like or similar event, or the modification of any rights to dividends of Shares, or any change in the fiscal year of the Company), 90% of the 30-Day VWAP per Share on such date;
- (vi) an issue of securities (other than Shares or options, warrants, or other rights to subscribe for, or purchase or otherwise acquire Shares) by way of rights, or a grant by way of right of options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (vii) any issue of Shares (other than the Conversion Shares or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant (otherwise than as mentioned in (v) above) of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than the higher of (i) the Triggering Price and (ii) in the event that the 30-Day VWAP per Share on the date of the first public announcement of the terms of such issue is between HK\$0.50 and HK\$0.90 (as adjusted to reflect any consolidation or subdivision of Shares, or issue of Shares by way of capitalisation of profits or reserves or any like or similar event, or the modification of any rights to dividends of Shares, or any change in the fiscal year of the Company), 90% of the 30-Day VWAP per Share on such date;
- (viii) save in the case of an issue of any securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities, an issue of securities by the Company, any of its subsidiaries or any other person which carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription, in each case at a consideration which is less than the higher of (i) the Triggering Price and (ii) in the event that the 30-Day VWAP per Share on the date of the first public announcement of the terms

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## LETTER FROM THE BOARD

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of such securities is between HK\$0.50 and HK\$0.90 ((as adjusted to reflect any consolidation or subdivision of Shares, or issue of Shares by way of capitalisation of profits or reserves or any like or similar event, or the modification of any rights to dividends of Shares, or any change in the fiscal year of the Company), 90% of the 30-Day VWAP per Share on such date;

- (ix) any modification of the rights of conversion, exchange or subscription attaching to any securities as mentioned above in (viii) above so that the consideration per Share (or the number of Shares available on conversion, exchange or subscription following the modification) is less than the higher of (i) the Triggering Price and (ii) in the event that the 30-Day VWAP per Share on the date of the first public announcement of the proposals for such modifications is between HK\$0.50 and HK\$0.90 (as adjusted to reflect any consolidation or subdivision of Shares, or issue of Shares by way of capitalisation of profits or reserves or any like or similar event, or the modification of any rights to dividends of Shares, or any change in the fiscal year of the Company), 90% of the 30-Day VWAP per Share on such date; and
- (x) if and whenever the Company or any of its subsidiaries or any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under (v), (vi), (vii) or (viii) above).

The Company will monitor and ensure that the General Mandate is sufficient to cover the allotment and issue of all the Conversion Shares falling to be allotted and issued. The Company will adopt appropriate procedures to keep track of the number of Conversion Shares issued and issuable upon exercise of the Conversion Right attaching to the Convertible Loan.

In light of the possible adjustment of the Conversion Price if the total number of Conversion Shares exceeds the maximum number of Shares that can be issued under the General Mandate, the Company will settle the amount of the Conversion Shares exceeding the limit of the General Mandate by cash (the “**No Share Delivery Payment Amount**”) in accordance with the terms of the Convertible Loan Agreement. The No Share Delivery Payment Amount shall equal to the higher of (i) an amount equal to the product of (x) such number of Conversion Shares which were required to be delivered following the conversion of such participation of that Lender in the Convertible Loan but which were not delivered to that Lender and (y) the closing price on the trading day falling immediately before the day on which the conversion notice is delivered by that Lender to the Company; and (ii) an amount equal to the aggregate of (a) the outstanding principal amount of the Lender’s

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## LETTER FROM THE BOARD

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participation in the Convertible Loan that is the subject of a conversion notice and for which Conversion Shares have not been delivered by the Company to that Lender; and (b) an amount equal to the product of (1) the outstanding principal amount of that Lender's participation in the Convertible Loan as specified in paragraph (a) above and (2) 15% per annum, calculated from (and including) the Disbursement Date to (and including) the day on which the relevant conversion notice is delivered by that Lender to the Company.

The rate of 15% per annum was arrived at after arm's length negotiations between the Company and Goldman Sachs, which is slightly higher than two times of the IRR (7%) of the Redemption Premium. The payment of the No Share Delivery Payment Amount will only be triggered in the circumstance where the Company is not able to allot and issue the Conversion Shares for any reason, including but not limited to the event where the General Mandate has no further room for issuance of the Conversion Shares. Considering (i) it is highly unlikely that the payment of the No Share Delivery Payment Amount will be triggered and (ii) it is to the benefit of the Company and the Shareholders for Goldman Sachs to exercise the Conversion Right and become a Shareholder as it would enhance the market reputation and lower the debt to asset ratio of the Company, the Company is of the view that the arrangement on payment of the No Share Delivery Payment Amount and the terms thereof as arrived at after arm's length negotiations between the Company and Goldman Sachs are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The initial Conversion Price of (i) HK\$0.5 per Share (for Tranche I); (ii) HK\$0.55 per Share (for Tranche II); and (iii) HK\$0.6 per Share (for Tranche III) were arrived at after arm's length negotiations between the Company and Goldman Sachs with reference to (i) the profit-earnings ratios of other comparable renewable energy companies listed in Hong Kong; and (ii) the premium of conversion price over market price of other convertible bonds/notes issues in the market.

In terms of the profit-earnings ratios, the profit-earnings ratios of leading new energy enterprises listed in Hong Kong such as Huaneng Renewables Corporation Limited (華能新能源股份有限公司), are in the range of 6 to 8 times while the Company's existing profit-earnings ratios is about 5 to 6.5 times, and the profit-earnings ratio under the Convertible Loan Agreement is about 8 to 12 times, which, in the view of the Board, is fairly reasonable.

In terms of premium of conversion price over the market price, as compared with recent convertible bonds/notes issues by Hong Kong-listed companies, such as TUS International Limited (Stock Code: 872), Pa Shun International Holdings Limited (Stock Code: 574) and Hospital Corporation of China Limited (Stock Code: 3869), the premium of the Conversion Price over the market price of the Company is higher than that of the said listed companies.

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## LETTER FROM THE BOARD

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The management of the Company also took into account the prevailing market prices of the Shares as quoted on the Stock Exchange and noted that the Conversion Price of HK\$0.50, HK\$0.55 and HK\$0.60 represented a premium of approximately 65.02%, 81.52% and 98.02% over the average daily closing price of HK\$0.303 for the five trading days immediately prior to the date of the Convertible Loan Agreement. Taking into account the aforesaid factors, the Board believes that the Conversion Prices are in the interests of the Company and the Shareholders.

The initial Conversion Price of (i) HK\$0.5 per Share (for Tranche I); (ii) HK\$0.55 per Share (for Tranche II); and (iii) HK\$0.6 per Share (for Tranche III) represents:

*For Tranche I*

- (i) a premium of approximately 63.93% over the closing price of HK\$0.305 as quoted on the Stock Exchange on the date of the Convertible Loan Agreement;
- (ii) a premium of approximately 65.02% over the average closing price of HK\$0.303 as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Convertible Loan Agreement; and
- (iii) a premium of approximately 40.85% over the closing price of HK\$0.355 as quoted on the Stock Exchange on the Latest Practicable Date.

*For Tranche II*

- (i) a premium of approximately 80.33% over the closing price of HK\$0.305 as quoted on the Stock Exchange on the date of the Convertible Loan Agreement;
- (ii) a premium of approximately 81.52% over the average closing price of HK\$0.303 as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Convertible Loan Agreement; and
- (iii) a premium of approximately 54.93% over the closing price of HK\$0.355 as quoted on the Stock Exchange on the Latest Practicable Date.

*For Tranche III*

- (i) a premium of approximately 96.72% over the closing price of HK\$0.305 as quoted on the Stock Exchange on the date of the Convertible Loan Agreement;

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## LETTER FROM THE BOARD

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- (ii) a premium of approximately 98.02% over the average closing price of HK\$0.303 as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Convertible Loan Agreement; and
- (iii) a premium of approximately 69.01% over the closing price of HK\$0.355 as quoted on the Stock Exchange on the Latest Practicable Date.

### *Non-Conversion Premium*

If the whole or any part of the Convertible Loan is not converted into the Conversion Shares by the date falling on the third anniversary of the date of the Convertible Loan Agreement, the Company shall on such date pay to the Lenders (pro rata to their participation in the Convertible Loan) an aggregate amount equal to: (a) the interest on the non-converted portion of the Convertible Loan which shall be payable by the Company to the Lenders as if the interest rate on that non-converted portion of the Convertible Loan is five per cent. per annum for the period commencing on the Disbursement Date until the date falling on the third anniversary of the date of the Convertible Loan Agreement; minus (b) the actual interest paid by the Company to, and received by, the Lenders (and without taking into account the default interest payable under the Convertible Loan Agreement) in respect of that non-converted portion of the Convertible Loan for the period commencing on the Disbursement Date until the date falling on the third anniversary of the date of the Convertible Loan Agreement.

### *Ranking of the Conversion Shares*

The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with other Shares in issue.

### *Transferability*

Subject to prior written consent of the Company, Goldman Sachs may at any time assign any of its rights or transfer by novation any of its rights and obligations in relation to the Convertible Loan to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets. In the event that the Convertible Loan is transferred to any connected person of the Company, which constitutes a connected transaction under Chapter 14A of the Listing Rules, the Company will take every reasonable step to comply with the relevant requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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### **Option to Grant the Additional Loan**

Subject to the approval of the Shareholders at the SGM, the Company irrevocably and unconditionally grants to Goldman Sachs the option and the right (exercisable in the sole and absolute discretion of Goldman Sachs) to advance the Additional Loan for up to an aggregate principal amount of US\$20,000,000 to the Company (with Tranche I, Tranche II and Tranche III thereof being US\$8,000,000, US\$6,000,000 and US\$6,000,000 respectively), and to require the Company to borrow from Goldman Sachs such amount advanced.

The aforesaid right may be exercised by Goldman Sachs by notice in writing to the Company at any time on or before the date falling 12 months after the Disbursement Date while any amount is outstanding under the Convertible Loan Agreement and other transaction documents. The Company and Goldman Sachs shall enter into the Additional Loan Documents as may be necessary to document the Additional Loan being made by Goldman Sachs to the Company promptly and in any event within 40 Business Days after the date of the notice from Goldman Sachs. The Company shall represent and warrant in the Additional Loan Documents, among other things, that it has complied with all requirements under the Listing Rules.

The terms of the Additional Loan are substantially similar to those of the Convertible Loan set out in the paragraph headed “Convertible Loan Agreement – Major terms of the Convertible Loan” above. A summary of the terms of the Additional Loan is set out as follows:

- (i) Principal amount: up to US\$20,000,000, which will consist of three tranches drawable in one disbursement as follows: (a) Tranche I being US\$8,000,000; (b) Tranche II being US\$6,000,000; and (c) Tranche III being US\$6,000,000.
- (ii) Interest: (a) 2% per annum for the period commencing on the date of the disbursement of the Additional Loan until the date falling on (but excluding) the third anniversary of the date of the Convertible Loan Agreement; and (b) 5% per annum thereafter.
- (iii) Maturity date: the date falling five years after the Disbursement Date.
- (iv) Conversion price: initially (a) HK\$0.5 per Share (for Tranche I); (b) HK\$0.55 per Share (for Tranche II); and (c) HK\$0.6 per Share (for Tranche III), subject to adjustments.

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## LETTER FROM THE BOARD

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### Use of proceeds

The net proceeds from the Convertible Loan, after deducting the commissions and other estimated expenses payable, will amount to approximately US\$29,650,000. On such basis, the net price received by the Company for each Conversion Share is approximately HK\$0.536.

The net proceeds from the Additional Loan, after deducting the commissions and other estimated expenses payable, is expected to amount to approximately US\$19,770,000. On such basis, the net price received by the Company for each Additional Loan Conversion Share is approximately HK\$0.535.

The aggregate net proceeds of approximately US\$29,650,000 of the Convertible Loan are expected to be used as follows: (i) as to approximately US\$6 million as working capital for the daily operations of overseas offices including but not limited to Hong Kong and the United States during February 2019 to February 2020; (ii) as to approximately US\$7.9 million for repaying interest of US\$ bonds in or around July 2019; and (iii) as to approximately US\$15.75 million for funding the capital investment for construction of wind power plant in the PRC during February 2019 to June 2019.

The aggregate net proceeds of approximately US\$19,770,000 of the Additional Loan are expected to be used as follows: (i) as to approximately US\$15 million for funding the capital investment for construction of solar power energy projects in the United States during June 2019 to March 2020; and (ii) as to approximately US\$4.77 million for funding the capital investment for construction of wind power plant in the PRC during June 2019 to March 2020.

The Company is always seeking different financing options to strengthen its cash position for future development and it believes that it is of the Shareholders' interests to strengthen the cash position if there is development need. The Company understands that it is Goldman Sachs's sole discretion on deciding whether or not to advance any of part of the Additional Loan to the Company and it is a result of commercial negotiations in order to obtain such low cost Convertible Loan and Additional Loan as a whole. In case Goldman Sachs decides not to advance any or part of Additional Loan, the Company will, as it always does, discuss with different financial institutions or potential investors to provide alternative funding to the Company if needed. The Company does not currently have concrete financing plan should Goldman Sachs decide not to advance any Additional Loan. The management of the Company will make the best effort to secure the best deal for the Company.



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## LETTER FROM THE BOARD

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### Conditions of disbursement

The obligation of Goldman Sachs to make the Disbursement is subject to the fulfilment (or waived by Goldman Sachs, conditionally or unconditionally) of the following conditions:

- (i) Goldman Sachs has received a certificate of incumbency and authority from the Company, dated the date of the Disbursement, together with copies of the memorandum of association and bye-laws of the Company, shareholder resolutions approving the general mandate in respect of the issuance of the Conversion Shares (or minutes of the annual general meeting of the Company recording such resolutions), board resolutions, certificate of incorporation, certificates of incorporation on change of name, certificate of compliance, register of directors and officers, specimen of the signature of each person authorized by the board resolutions to execute any transaction document in relation to the Convertible Loan Agreement, referred to in such certificate of incumbency and authority, each to be in form and substance satisfactory to Goldman Sachs (acting reasonably), and such certificate shall further certify that (a) the borrowing of the Total Commitments would not cause any borrowing limit binding on it to be exceeded, and (b) each copy document relating to it attached to the certificate of incumbency and authority is a true, correct and complete copy and in full force and effect as at a date no earlier than the date of the Convertible Loan Agreement;
- (ii) the Company has obtained, and provided to Goldman Sachs copies of all authorizations under the Convertible Loan Agreement, including (a) in respect of the Convertible Loan, the Company having provided Goldman Sachs with the resolution(s) of the Shareholders granting the General Mandate, and (b) in respect of the Additional Loan, the Company having provided Goldman Sachs with the resolution(s) of the Shareholders in the SGM approving the Convertible Loan Agreement and the transactions contemplated thereunder (in particular, the grant of the right to Goldman Sachs to advance the Additional Loan) and grant of the Specific Mandate;
- (iii) each of the Convertible Loan Agreement, the Share Retention Agreement and all other transaction documents have been executed by the parties thereto;
- (iv) evidence that the up-front fees (representing 1% of the principal amount of the Convertible Loan advanced by Goldman Sachs to the Company) then due from the Company to Goldman Sachs have been paid or will be paid on the Disbursement Date;

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## LETTER FROM THE BOARD

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- (v) Goldman Sachs has received a solvency certificate from the chief financial officer of the Company;
- (vi) No event of default and no potential event of default has occurred and is continuing or would result from the proposed Disbursement;
- (vii) since the date of the Convertible Loan Agreement nothing has occurred which has or could reasonably be expected to have a Material Adverse Effect;
- (viii) since the date of the Convertible Loan Agreement the Company has not incurred any material loss or liability (except such liabilities as may be incurred in accordance with the Convertible Loan Agreement);
- (ix) the representations and warranties made in the Convertible Loan Agreement are true and correct in all material respects on and as of the Disbursement Date with the same effect as if those representations and warranties had been made on and as of the Disbursement Date;
- (x) the Company will not violate its memorandum of association and bye-laws, any document to which it is party or by which it is bound or any law, rule, regulation or authorization as a result of the Disbursement;
- (xi) the Shares remain listed and traded on the Stock Exchange at all times prior to and on the Disbursement Date and no notification or indication being received on or before the Disbursement Date from the Stock Exchange or the SFC to the effect that listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or objected to, excluding any suspension for the purpose of obtaining clearance from the Stock Exchange or the SFC for any notices, announcements or circulars relating to the transactions contemplated under the Convertible Loan Agreement or the transaction documents;
- (xii) the granting of the listing approval of the Total Conversion Shares, subject to conditions reasonably satisfactory to Goldman Sachs, and such approval not having been revoked;
- (xiii) the legal opinions of (i) legal advisors to Goldman Sachs as to Hong Kong law; and (ii) legal advisors to Goldman Sachs as to Bermuda law, each to be in form and substance satisfactory to the Goldman Sachs; and

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## LETTER FROM THE BOARD

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(xiv) any information reasonably requested by Goldman Sachs to meet its usual “know your customer” compliance requirements and normal operating procedures or other similar checks under all applicable laws and regulations in relation to the Company or any other party to a transaction document, and all such “know your customer” and other similar checks being completed to the satisfaction of Goldman Sachs.

As at the Latest Practicable Date, only condition (xii) (listing approval of the Total Conversion Shares) remains outstanding. The Company currently expects that all conditions will be fulfilled on or prior to the proposed Disbursement Date. As such, it is not expected that the grant of waiver of any condition by Goldman Sachs will be required.

### **Conversion Shares and Additional Loan Conversion Shares**

#### *Conversion Shares*

Assuming a Conversion Price of (i) HK\$0.5 per Share (for Tranche I); (ii) HK\$0.55 per Share (for Tranche II); and (iii) HK\$0.6 per Share (for Tranche III) and there is no adjustment to the Conversion Price pursuant to the terms of the Convertible Loan Agreement, the aggregate principal amount of the Convertible Loan of US\$30,000,000 (equivalent to approximately HK\$234,300,000) is convertible into approximately 432,390,000 Conversion Shares, representing approximately 5.06% of the issued share capital of the Company as at the Latest Practicable Date and approximately 4.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (both without taking into account any other Share which may be issued by the Company including Shares which may be issued pursuant to the Share Award Scheme or upon conversion of the IFC CN or the Additional Loan).

Pursuant to the General Mandate approved by the Shareholders at the Company’s annual general meeting held on 28 May 2018, the Company is allowed to allot, issue and deal with a maximum of 1,735,358,993 Shares. No Shares or convertible securities have been issued by the Company pursuant to the General Mandate prior to the Latest Practicable Date. The Conversion Shares, being a maximum of 432,390,000 Shares (with aggregate nominal value of HK\$4,323,900) to be issued upon the exercise in full of the Conversion Right based on the initial Conversion Price, will be allotted and issued under the General Mandate. As such, the issue of the Conversion Shares is not subject to approval by the Shareholders. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

The Conversion Shares, when allotted and issued, will be credited as full paid, free from any security interest and will rank *pari passu* in all respects with the Shares in issue on the conversion date.

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## LETTER FROM THE BOARD

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### *Additional Loan Conversion Shares*

Assuming a Conversion Price of (i) HK\$0.5 per Share (for Tranche I); (ii) HK\$0.55 per Share (for Tranche II); and (iii) HK\$0.6 per Share (for Tranche III) and there is no adjustment to the Conversion Price pursuant to the terms of the Convertible Loan Agreement or the Additional Loan Documents (if any), the aggregate principal amount of the Additional Loan of US\$20,000,000 (equivalent to approximately HK\$156,200,000) is convertible into approximately 288,260,000 Additional Loan Conversion Shares, representing approximately 3.39% of the issued share capital of the Company as at the Latest Practicable Date and approximately 3.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Additional Loan Conversion Shares (both without taking into account any other Share which may be issued by the Company including Shares which may be issued pursuant to the Share Award Scheme or upon conversion of the IFC CN or the Convertible Loan).

The Convertible Loan and the Additional Loan in aggregate of US\$50,000,000 (equivalent to approximately HK\$390,500,000) are convertible into approximately 720,650,000 Total Conversion Shares, representing approximately 8.47% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Total Conversion Shares (both without taking into account any other Share which may be issued by the Company including Shares which may be issued pursuant to the Share Award Scheme or upon conversion of the IFC CN).

The Additional Loan Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Additional Loan Conversion Shares that may be allotted and issued upon conversion of the Additional Loan.

The Additional Loan Conversion Shares, when allotted and issued, will be credited as full paid, free from any security interest and will rank *pari passu* in all respects with the Shares in issue on the conversion date.

The details of the shareholdings of the Company before and after conversion of the Convertible Loan, the Additional Loan and both are set out in the paragraph headed "EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY" below.

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## LETTER FROM THE BOARD

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### INFORMATION ON GOLDMAN SACHS

Goldman Sachs is a company incorporated under the laws of Singapore with limited liability and is a wholly-owned indirect subsidiary of The Goldman Sachs Group, Inc.. The Goldman Sachs Group, Inc., the ultimate beneficial shareholder of Goldman Sachs, is leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there is no change in the issued share capital of the Company prior to the conversion of the Convertible Loan, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) assuming full conversion of the full principal amount of the Convertible Loan at the initial Conversion Price of (a) HK\$0.5 per Share (for Tranche I), (b) HK\$0.55 per Share (for Tranche II); and (c) HK\$0.6 per Share (for Tranche III), without taking into account any other Share(s) which may be issued by the Company including Shares which may be issued pursuant to the Share Award Scheme and upon conversion of the IFC CN and the Additional Loan, and there is no adjustment to the Conversion Price pursuant to the terms of the Convertible Loan Agreement; (iii) assuming full conversion of the full principal amount of the Additional Loan at the initial Conversion Price of (a) HK\$0.5 per Share (for Tranche I), (b) HK\$0.55 per Share (for Tranche II); and (c) HK\$0.6 per Share (for Tranche III), without taking into account any other Share(s) which may be issued by the Company including Shares which may be issued pursuant to the Share Award Scheme and upon conversion of the IFC CN and the Convertible Loan, and there is no adjustment to the Conversion Price pursuant to the terms of the Convertible Loan Agreement; and (iv) assuming full conversion of the full principal amount of the Conversion Loan and the Additional Loan at the initial Conversion Price of (a) HK\$0.5 per Share (for Tranche I), (b) HK\$0.55 per Share (for Tranche II); and (c) HK\$0.6 per Share (for Tranche III), without taking into account any other Share(s) which may be issued by the Company including Shares which may be issued pursuant to the Share Award Scheme and upon conversion of the IFC CN, and there is no adjustment to the Conversion Price pursuant to the terms of the Convertible Loan Agreement, will be as follows:

## LETTER FROM THE BOARD

Name of Shareholders	As at the Latest Practicable Date		Assuming full conversion of the Convertible Loan at the Conversion Price of (a) HK\$0.5 per Share (Tranche I); (b) HK\$0.55 per Share (Tranche II) and (c) HK\$0.6 per Share (Tranche III)		Assuming full conversion of the Additional Loan at the Conversion Price of (a) HK\$0.5 per Share (Tranche I); (b) HK\$0.55 per Share (Tranche II) and (c) HK\$0.6 per Share (Tranche III)		Assuming full conversion of the Convertible Loan and the Additional Loan at the Conversion Price of (a) HK\$0.5 per Share (Tranche I); (b) HK\$0.55 per Share (Tranche II) and (c) HK\$0.6 per Share (Tranche III)	
	Approximate percentage of the issued share capital	Number of Shares held of the Company	Approximate percentage of the issued share capital	Number of Shares held of the Company	Approximate percentage of the issued share capital	Number of Shares held of the Company	Approximate percentage of the issued share capital	Number of Shares held of the Company
<b>Directors</b>								
Mr. Liu Shunxing (Note 1)	706,607,087	8.30%	706,607,087	7.90%	706,607,087	8.03%	706,607,087	7.65%
Ms. Liu Jianhong (Note 2)	158,710,000	1.86%	158,710,000	1.77%	158,710,000	1.80%	158,710,000	1.72%
Mr. Yu Weizhou	25,130,000	0.30%	25,130,000	0.28%	25,130,000	0.29%	25,130,000	0.27%
Mr. Niu Wenhui	4,000,000	0.05%	4,000,000	0.04%	4,000,000	0.05%	4,000,000	0.04%
Mr. Gui Kai	3,600,000	0.04%	3,600,000	0.04%	3,600,000	0.04%	3,600,000	0.04%
Mr. Yap Fat Suan, Henry	200,000	0.002%	200,000	0.002%	200,000	0.002%	200,000	0.002%
<b>Substantial Shareholders</b>								
CWPI (Note 3)	1,147,877,155	13.48%	1,147,877,155	12.83%	1,147,877,155	13.04%	1,147,877,155	12.43%
Huadian Fuxin International Investment Company Limited	880,000,000	10.34%	880,000,000	9.84%	880,000,000	10.00%	880,000,000	9.53%
Goldman Sachs	0	0.00%	432,390,000	4.83%	288,260,000	3.28%	720,650,000	7.80%
Other Shareholders	5,586,590,723	65.63%	5,586,590,723	62.45%	5,586,590,723	63.48%	5,586,590,723	60.50%
Public Shareholders	5,586,590,723	65.63%	6,898,980,723	77.13%	5,874,850,723	66.75%	7,187,240,723	77.84%
Total	8,512,714,965	100.00%	8,945,104,965	100.00%	8,800,974,965	100.00%	9,233,364,965	100.00%

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## LETTER FROM THE BOARD

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*Notes:*

1. Mr. Liu Shunxing (“**Mr. Liu**”) holds 9,000,000 Shares. 290,000,000 Shares are held by Guangfeng International Holdings Limited, a wholly-owned subsidiary of Beijing Guangfeng Energy Technology Limited, of which Mr. Liu holds 99% of the issued share capital. 407,607,087 Shares are held by Splendor Power Limited, of which Mr. Liu holds 99% of the issued share capital.
2. Ms. Liu Jianhong (“**Ms. Liu**”) holds 8,710,000 Shares. 150,000,000 Shares are held by a discretionary trust for which Ms. Liu is the founder and settlor and can influence how the trustee exercises its discretion.
3. The Shares are held by CWPI. CWPI is wholly owned by Permanent Growth Limited, of which Mr. Liu holds 46.77% of the issued share capital.

### REASONS FOR ENTERING INTO THE CONVERTIBLE LOAN AGREEMENT

The Company and its subsidiaries are principally engaged in (i) investing in wind and solar power projects and (ii) offering professional technical services and integrated solution to the wind and solar power generation projects.

Goldman Sachs’s interest in making an investment into the Group reflects its confidence in the Group’s business and growth potential. The Directors (including the independent non-executive Directors) are of the view that the raising of funds by the issue of the Convertible Loan and the Additional Loan is fair and reasonable having considered the recent market conditions which represent an opportunity for the Company to enhance its working capital, strengthen its capital base and financial position and broaden the Shareholders base without immediate dilution effect on the shareholding of the existing Shareholders.

The Company proposes to add wind power installed capacity of 400MW during 2019. Taking into account the investment cost in connection with the aforesaid and the daily working capital requirements, the total capital required for 2019 is expected to be in the range of RMB4 billion and 5 billion.

The Company currently satisfies its funding needs through various means, including but not limited to bank loans, finance leases, letters of credits, onshore corporate bonds, offshore bonds and asset sales, and will continue to obtain financing through the aforesaid means to satisfy the funding requirements for 2019 and the years to come.

The Company has established cooperative relationships with many financial institutions, such as International Finance Corporation, Industrial and Commercial Bank of China, Bank of China, China Development Bank, Huaneng Tiancheng Financial Leasing Co., Ltd. and Haitong Securities Co., Ltd. In order to expand its financing channels, the Company conducted many roadshows in PRC and abroad, registered and issued bonds at the National Association of Financial Market Institutional Investors and the Shanghai Stock Exchange and issued USD denominated bonds in Hong Kong.

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## LETTER FROM THE BOARD

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As a result of the rapid development of the Company in recent years, the Company's asset-liability ratio (being the percentage of total liabilities divided by total assets) has risen. The Company is of the view that the debt ratio should be appropriately controlled to reduce risks. Among the aforesaid funding means, bank loans, finance leases, letters of credits, onshore corporate bonds, offshore bonds are pure debt financing, which will further increase the Company's debt ratio. Although asset sales could reduce the liabilities of the Company, future profit could not be obtained in this regard. On the contrary, the Convertible Loan and the Additional Loan could assist the Company to (i) satisfy the funding requirements without sacrificing any future profit and (ii) increase the capital of the Company and optimise the equity structure of the Company upon conversion of the Convertible Loan/Additional Loan.

After taking into account the aforesaid factors, the Directors (including the independent non-executive Directors) consider the terms and conditions of the Convertible Loan Agreement (including the Conversion Price) are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE LATEST PRACTICABLE DATE**

Save as disclosed below, the Company has not carried out any other equity fund raising activities during the twelve months immediately preceding the date of the announcement dated 13 December 2018 of the Company. The actual use of proceeds from the equity fund raising activity mentioned below is in line with the intended use of proceeds as disclosed in the announcement as follows:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Approximate net proceeds raised (HK\$)</b>	<b>Actual use of proceeds</b>
28 December 2017	Issue of IFC CN in the principal amount of HK\$233,800,000 pursuant to the convertible loan agreement with International Finance Corporation with the IFC CN convertible into an aggregate of 431,449,393 Shares	HK\$230,200,000	Approximately HK\$230,200,000 has been used to finance the development and construction of wind power plant in Henan Province, the PRC with installed capacity of 200MW



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## LETTER FROM THE BOARD

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### SGM

The SGM will be held at Unit 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Wednesday, 13 March 2019 at 10:00 a.m. to consider and, if thought fit, approve, by way of poll, the Convertible Loan Agreement and the transactions contemplated thereunder (in particular, the grant of the right to Goldman Sachs to advance the Additional Loan) and grant of the Specific Mandate.

To the best knowledge of the Directors after having made all reasonable enquiries, no Shareholder is required to abstain from voting to approve the resolution to be proposed at the SGM.

The notice of SGM is set out on pages 33 to 34 of this circular. 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 22, 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.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution set out in the notice of the SGM will be put to vote by way of poll at the SGM. An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the Convertible Loan Agreement and the transactions contemplated thereunder (in particular, the grant of the right to Goldman Sachs to advance the Additional Loan) and the Specific Mandate are in the best interests of the Company and the Shareholders as a whole and therefore recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM.

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

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## NOTICE OF SGM

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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)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “SGM”) of Concord New Energy Group Limited (the “Company”) will be held at 10:00 a.m. on Wednesday, 13 March 2019 at Unit 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong to consider and, if thought fit, pass the following resolution 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 25 February 2019.

#### ORDINARY RESOLUTION

1. “**THAT:**
  - (a) the Convertible Loan Agreement dated 13 December 2018 (as amended and restated on 16 January 2019) entered into between the Company and Goldman Sachs in relation to the advance of the Convertible Loan in the principal amount of up to US\$30,000,000 with the right to advance the Additional Loan in the principal amount of up to US\$20,000,000 exercisable by Goldman Sachs within 12 months after the Disbursement Date, a copy of the Convertible Loan Agreement having been produced to the SGM marked “A” and signed by the chairman of the SGM for identification purpose, and the transactions contemplated thereby be and is hereby approved, confirmed and ratified;
  - (b) the Additional Loan to be advanced by Goldman Sachs to the Company in accordance with the terms and conditions of the Convertible Loan Agreement be and is hereby approved, and confirmed;
  - (c) the Directors be and are hereby granted the Specific Mandate to exercise the powers of the Company to allot and issue up to 288,260,000 Additional Loan Conversion Shares initially (subject to adjustments to the Conversion Price) to the relevant holders of the Additional Loan which may fall to be allotted and issued upon

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## NOTICE OF SGM

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exercise of the Additional Loan Conversion Right attaching to the Additional Loan in accordance with the terms and conditions of the Convertible Loan Agreement and the bye-laws of the Company; and

- (d) any one Director be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Convertible Loan Agreement and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the issue of the Additional Loan, and the allotment and issue of the Additional Loan Conversion Shares of which may fall to be issued upon exercise of the Additional Loan Conversion Right attaching to the Additional Loan.”

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

Hong Kong, 25 February 2019

*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/her. A proxy need not be a Shareholder.
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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the SGM. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the SGM or any adjournment thereof, should he/she so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.
3. As at the date of this notice, the board of directors of the Company comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer), Mr. Niu Wenhui, Mr. Gui Kai and Dr. Shang Li (all of above are executive Directors), Mr. Wu Shaohua (who is non-executive Director) and Mr. Yap Fat Suan, Dr. Jesse Zhixi Fang, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).
4. As required under the Listing Rules, the above resolutions will be decided by way of poll.