
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 registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

POSSIBLE OFF-MARKET SHARE BUY-BACK AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to Independent Board Committee and
Independent Shareholders**



Terms defined in the section headed “Definitions” in this circular shall have the same meaning when used in this cover page, unless the context otherwise requires.

SGM of the Company will be held at 10:00 a.m. on Monday, 15 August 2022 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 (i.e. 10:00 a.m. on Saturday, 13 August 2022) 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.

CONTENTS

	<i>Pages</i>
Precautionary Measures for the Special General Meeting	ii
Definitions	1
Letter from the Board	6
Appendix I — Letter from the Independent Board Committee	I-1
Appendix II — Letter from the Independent Financial Adviser	II-1
Appendix III — Financial Information	III-1
Appendix IV — General Information	IV-1
Notice of SGM	SGM-1

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 he/she (a) has travelled outside of Hong Kong within the 14-day period immediately before the SGM; and (b) 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 by 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, the following terms and expressions shall have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and a “concert party” shall be construed accordingly;
“Announcement”	the announcement of the Company dated 21 June 2022 in relation to the Proposed Share Buy-back;
“Award Shares”	Shares which are the subject of those share awards that may be granted by the Company from time to time under the Share Award Scheme to provide incentives to officers and employees of the Group for their contributions to the Group;
“Block Trade Mechanism”	the mechanism in which the Company will, subject to the fulfilment of all the Conditions and the agreement of Huadian, acquire the Buy-back Shares by way of block trade to be conducted by the respective brokers of the Company and Huadian, details of which are set out in the paragraph headed “Block Trade Mechanism” in the “Letter from the Board” in this circular;
“Board”	the board of Directors;
“Buy-back Price”	the purchase price to be paid by the Company for the acquisition of the Buy-back Shares, details of which are set out in the paragraph headed “Terms of the Proposed Share Buy-back — Buy-back Price” in the “Letter from the Board” in this circular;
“Buy-back Shares”	such number of the Disposal Shares proposed to be acquired by the Company under the Proposed Share Buy-back to be specified by the Company in the Expression of Interest, which shall not exceed the number of the Disposal Shares;
“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited;
“China Huadian”	China Huadian Corporation Limited* (中國華電集團有限公司), a company established in the PRC with limited liability;
“Company”	Concord New Energy Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;

DEFINITIONS

“Company Concert Group”	refers to, collectively, the Company, the Directors (except Mr. Wang Feng, who does not hold any Shares), a trust established by Ms. Liu Jianhong (a Director), their respective controlled corporations (including CWPI and Splendor Power Limited), the Trustee, and other persons acting in concert with the Directors, details of their holding in Shares are set out in the paragraph headed “Effect on the Shareholding Structure of the Company” in the “Letter from the Board” in this circular, and “any member of the Company Concert Group” means any one of them;
“Completion Time”	the time at which the acquisition of the Buy-back Shares by the Company is completed;
“Conditions”	the conditions precedent to be fulfilled before the Company can give the Expression of Interest to Huadian and to acquire the Buy-back Shares under the Proposed Share Buy-back, details of which are set out in the paragraph headed “Terms of the Proposed Share Buy-back — Conditions” in the “Letter from the Board” in this circular;
“CWPI”	China Wind Power Investment Limited, which is wholly owned by Permanent Growth Limited, which is in turn owned as to 46.77% by Mr. Liu Shunxing and as to 12.36% by Ms. Liu Jianhong;
“Directors”	the directors of the Company;
“Disposal Shares”	up to 449,000,000 Shares proposed to be disposed of by Huadian;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates;
“Expression of Interest”	the expression of interest which may be given by the Company (or on its behalf) to Huadian setting out the Company’s interest in acquiring the Buy-back Shares under the Proposed Share Buy-back at the Buy-back Price and at the Completion Time both as specified therein;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Huadian”	Huadian Fuxin International Investment Company Limited (華電福新國際投資有限公司), a company established in Hong Kong with limited liability;
“Huadian Concert Group”	refers to, collectively, Huadian and parties acting in concert with it, and “any member of the Huadian Concert Group” means any one of them;
“Huadian Furui”	Fujian Huadian Furui Energy Development Corporation Limited* (福建華電福瑞能源發展有限公司), a company established in the PRC with limited liability;
“Huadian International”	Huadian Power International Corporation Ltd.*(華電國際電力股份有限公司), a joint stock company established in the PRC with limited liability, the A shares of which are listed on the stock exchange in Shanghai (stock code: 600027.SH) and the H shares of which are listed on the Stock Exchange (stock code: 1071.HK);
“Huadian New Energy”	Huadian New Energy Corporation Limited*(華電新能源集團股份有限公司), a company established in the PRC with limited liability, which wholly owns Huadian;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian, Mr. Zhang Zhong and Ms. Li Yongli;
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a licensed corporation permitted under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and appointed as an independent financial adviser to advise the Independent Board Committee and Independent Shareholders in relation to the Proposed Share Buy-back;
“Independent Shareholders”	Shareholders other than (i) the Huadian Concert Group; and (ii) any other Shareholder who has a material interest in the Proposed Share Buy-back which is different from the interests of all other Shareholders;
“Last Trading Day”	20 June, 2022, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of this the Announcement;

DEFINITIONS

“Latest Practicable Date”	15 July 2022, the latest practicable date before the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Longstop Date”	the last day of the 3-month period commencing immediately from the date of obtaining the approval of the Independent Shareholders for the Proposed Share Buy-back, which will be 15 November 2022 provided that the date of the SGM is not postponed;
“Proposed Share Buy-back”	the proposed acquisition of the Buy-back Shares by the Company from Huadian as described in the “Letter from the Board” in this circular;
“Relevant Period”	the period beginning 6 months prior to the date of the Announcement and ending with the Latest Practicable Date;
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會);
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (CAP. 571 of the laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Monday, 15 August 2022 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Proposed Share Buy-back;
“Share Award Scheme”	the share award scheme adopted by the Company on 15 June 2015 (as amended on 29 June 2017), details of which are set out in the announcements of the Company issued on the said two dates;
“Share Buy-backs Code”	the Code on Share Buy-backs issued by the SFC;
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiaries”	subsidiaries of the Company;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC;
“Trustee”	Acheson Limited, a company incorporated in Hong Kong with limited liability, which is the trustee appointed by the Company for the administration of the Share Award Scheme; and
“%”	per cent.

For the purposes of this circular, an exchange rate of HK\$1 = RMB0.86 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute any representations that any amount in RMB or HK\$ 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
Ms. Li Yongli

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

20 July 2022

To the Independent Shareholders:

Dear Sir or Madam,

POSSIBLE OFF-MARKET SHARE BUY-BACK AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. The purposes of this circular is to provide you with: (a) further information on the Proposed Share Buy-back; (b) the advice of the Independent Board Committee to the Independent Shareholders in respect of the Proposed Share Buy-back; (c) the advice of the Independent Financial Adviser to the Independent Shareholders in respect of the Proposed Share Buy-back; and (d) the notice of the SGM.

* *For identification purposes only*

LETTER FROM THE BOARD

BACKGROUND

Huadian, which beneficially owned 880,000,000 Shares as at the Latest Practicable Date (representing approximately 9.80% of the total number of the issued Shares), has informed the Company that it intends to dispose of the Disposal Shares, namely up to 449,000,000 Shares (representing approximately 5.0% of the total number of the issued Shares), at a selling price per Disposal Share at a discount to the audited consolidated net asset value per Share as at 31 December 2021 of approximately RMB0.825 (approximately HK\$0.959 based on an exchange rate of HK\$1.0 = RMB0.86, the Company's audited consolidated net asset value attributable to Shareholders of approximately RMB7,404.87 million as at 31 December 2021 and 8,975,469,158 Shares in issue as at the Latest Practicable Date), and the market price of the Share.

The Directors consider that it will be in the interest of the Company and the Shareholders as a whole to acquire the Buy-back Shares because both the earnings per Share and the net consolidated asset value per Share are expected to be enhanced by the Proposed Share Buy-back and the consequential cancellation of the Buy-back Shares. Hence, the Company proposes to acquire the Buy-back Shares once all the Conditions have been fulfilled.

The Proposed Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code, and is thus subject to the requirements of the Share Buy-backs Code, including the obtaining of the approval from the Executive for the Proposed Share Buy-back under Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, the approval of the Proposed Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

No legally binding agreement has been or will be entered into by the Company and Huadian for the sale and purchase of the Buy-back Shares. The Company intends that after all the Conditions have been fulfilled, the Company will, subject to the then market situation, give the Expression of Interest to Huadian to seek its agreement to sell the Buy-back Shares by way of the Block Trade Mechanism on or before the Longstop Date. Upon completion of the Proposed Share Buy-back, the Buy-back Shares will be cancelled. The Company reserves the right not to give any Expression of Interest notwithstanding that all the Conditions have been fulfilled.

LETTER FROM THE BOARD

BLOCK TRADE MECHANISM

The PRC legal advisers to the Company have advised the Company that:

- (a) being a state-owned enterprise, Huadian's proposed disposal of the Disposal Shares is subject to the "Measures for the Supervision and Administration of State-owned Equity of Listed Companies"《上市公司國有股權監督管理辦法》(the "**Circular No. 36**") jointly promulgated by the SASAC, the Ministry of Finance of the PRC and the China Securities Regulatory Commission of the PRC on 16 May 2018;
- (b) under the Circular No. 36, the market-oriented methods for the transfer of shares of listed companies by state-owned shareholders shall be effected in one of the following three methods: (i) transfer through the trading system of a stock exchange (the "**Method 1**"); (ii) transfer by way of public invitation (the "**Method 2**"); and (3) transfer by way of private agreement (the "**Method 3**"):
 - (i) for the Method 1, a state-owned shareholder will dispose of its shares in the listed company through the trading system of the stock exchange, which disposal will not be subject to any requirements on the related selling price;
 - (ii) for the Method 2, the state-owned shareholder shall publicly invite potential transferees to acquire the shares in that listed company and, then, enter into a legally binding transfer agreement with the successful transferee(s). The state-owned shareholder shall notify that listed company for its adoption of the Method 2, and that listed company shall issue an announcement on the same accordingly. Under the Circular No. 36, the selling price for the said transfer shall not be lower than the higher of: (i) the daily weighted average prices for the 30 trading days prior to the publication of the said announcement by that listed company; or (ii) the audited net asset value per share of that listed company in its most recent financial year (the "**Floor Price**"); and
 - (iii) under the Circular No. 36, the Method 3 has to satisfy the requirements that either (i) there are certain peculiar circumstances relating to that listed company (such as that listed company being in serious financial difficulties, or related to national security or restructuring of state-owned assets, and etc.), which circumstances are as a matter of fact not applicable to the Company; or (ii) the selling price shall be not less than the Floor Price.

If Huadian decides to adopt the Method 2 or the Method 3 to dispose of the Disposal Shares, the Company would not be interested to acquire the Buy-back Shares because the Company is only interested in acquiring the Buy-back Shares at a discount to the net asset value per Share and the market price of the Share, which is prohibited by the Method 2 and the Method 3. The Company understands that Huadian has obtained its internal approval for the disposal of the Disposal Shares by way of the Method 1.

LETTER FROM THE BOARD

In view of the aforesaid advice of the Company's PRC legal advisers, the Company will not enter into any legally binding agreement with Huadian for the acquisition of the Buy-back Shares, otherwise it will be subject to the requirement of the Method 3. Instead, the Company proposes to acquire the Buy-back Shares by way of the Block Trade Mechanism as set out below:

- (a) after all the Conditions have been fulfilled, it will, subject to the then market situation, instruct its stockbroker to contact the stockbroker of Huadian to give the Expression of Interest on behalf of the Company for the acquisition of the Buy-back Shares at the Buy-back Price and at the Completion Time;
- (b) if Huadian agrees to dispose of the Buy-back Shares to the Company at the Buy-back Price and at the Completion Time both specified by the Company in the Expression of Interest, the sale will be transacted via the respective stockbrokers of the Company and Huadian as a block trade via cross trade (as a manual trade instead of auto-match trade) on the trading system of the Stock Exchange. Huadian's stockbroker will input a sell order at the Buy-back Price and such quantity of the Buy-back Shares designated for the Company's stockbroker. The Company's stockbroker will then accept the sell order accordingly;
- (c) if Huadian does not agree so, the Expression of Interest will lapse and the Proposed Share Buy-back will not proceed.

The Company has not yet appointed its stockbroker for the Proposed Share Buy-back. The Company will obtain quotes from various stockbrokers (including but not limited to the stockbroker of Huadian for its proposed sale of the Disposal Shares) to act for the Company for the Block Trade Mechanism, and will appoint the stockbroker with most favourable terms for the same.

The PRC legal advisers to the Company are of the view that as the Block Trade Mechanism does not involve the Company and Huadian entering into any legally binding agreement for the sale and purchase of the Buy-back Shares, the above mechanism falls within the Method 1 and is not in breach of the requirement of the Circular No. 36.

TERMS OF THE PROPOSED SHARE BUY-BACK

The terms and conditions of the Buy-back Shares are as follows:

Parties

Seller: Huadian

Purchaser: the Company

LETTER FROM THE BOARD

Buy-back Shares

Such number of the Buy-back Shares to be specified by the Company in the Expression of Interest, which shall not exceed the number of the Disposal Shares, i.e. up to 449,000,000 Shares.

Buy-back Price

The Buy-back Price for each Buy-back Share shall be a price to be specified by the Company in the Expression of Interest provided that the Buy-back Price shall not exceed the lower of the following two amounts (the “**Ceiling Price**”):

- (a) 95% of the average closing price per Share quoted on the Stock Exchange for the five trading days immediately preceding the day on which the Expression of Interest is given to Huadian, and 95% of the said average closing price would be approximately HK\$0.728 if the date of the Expression of Interest were the Latest Practicable Date; and
- (b) 95% of the audited consolidated net asset value per Share as at 31 December 2021 (the “**Maximum Price**”) based on the Company’s audited consolidated net asset value attributable to Shareholders of approximately RMB7,404.87 million as at 31 December 2021 and the number of the total issued Shares as at the day on which the Expression of Interest is given to Huadian, which will be approximately RMB0.784 (approximately HK\$0.911 based on an exchange rate of HK\$1.0 = RMB0.86, and assuming that the total issued Shares as at the date of the Expression of Interest is the same as the total issued Shares of 8,975,469,158 Shares as at the Latest Practicable Date).

If the Company were to give the Expression of Interest to Huadian on the Latest Practicable Date, the Ceiling Price would have been approximately HK\$0.728.

During the six-month period immediately preceding and including the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.79 on 8 April 2022 and 4 July 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.62 on 15 March 2022.

For illustrative purposes, if the Buy-back Price equals to the Ceiling Price of HK\$0.728 assuming that the Company were to give the Expression of Interest to Huadian on the Latest Practicable Date, such Buy-back Price represents:

- (a) a discount of approximately 1.6% to the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 4.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date of approximately HK\$0.76 per Share;
- (c) a discount of approximately 4.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Latest Practicable Date of approximately HK\$0.76 per Share;

LETTER FROM THE BOARD

- (d) a discount of approximately 0.3% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 24.1% to the audited consolidated net asset value per Share of approximately RMB0.825 (approximately HK\$0.959 based on an exchange rate of HK\$1.0 = RMB0.86) as at 31 December 2021, calculated based on the Company's audited consolidated net asset value attributable to Shareholders of approximately RMB7,404.87 million as at 31 December 2021 and 8,975,469,158 Shares in issue as at the Latest Practicable Date; and
- (f) a discount of approximately 20.1% to the Maximum Price of approximately RMB0.784 (approximately HK\$0.911).

The Buy-back Price shall not exceed the Ceiling Price, and will be determined following arms' length negotiations between the Company and Huadian taking into account the market conditions, the market price of the Shares and the financial position of the Company as at the time of the Expression of Interest. The Buy-back Price will be financed by the Company's internal resources. Based on the Buy-back Price of HK\$0.728 and the number of Buy-back Shares of 449,000,000 Shares, the expected amount involved in the Proposed Share Buy-back is HK\$326,872,000. Based on the Buy-back Price of HK\$0.911, being the Maximum Price, and the number of Buy-back Shares of 449,000,000 Shares, the expected amount involved in the Proposed Share Buy-back is HK\$409,039,000.

As at the Latest Practicable Date, there were declared but unclaimed dividends in respect of the Shares amounting to approximately HK\$2,633, and, save for the said unclaimed dividends, the Company did not have any declared but unpaid dividend. As set out in the circular of the Company dated 25 May 2022, the Board has recommended the payment of a final dividend of HK\$0.03 per Share for the year ended 31 December 2021 (the "**Proposed Final Dividends**") to Shareholders whose names appear on the register of members of the Company on 12 July 2022. The Proposed Final Dividends was approved by the Shareholders at the annual general meeting of the Company held on 24 June 2022. The Proposed Final Dividends will be paid on or about 29 July 2022. The record date for determining the entitlement of the Shareholders to the Proposed Final Dividends is 12 July 2022. Since the SGM will be held on a date later than the said record date, the Buy-back Shares will not be entitled to the Proposed Final Dividends.

Conditions

The completion of the Proposed Share Buy-back will be subject to and conditional upon the fulfilment of the following Conditions:

- (a) the approval by the Executive of the Proposed Share Buy-back under the Share Buy-backs Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (b) the approval by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the SGM duly convened and held in accordance with the Share Buy-backs Code; and
- (c) the independent financial adviser to the Independent Board Committee confirming that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE BOARD

The Conditions set out above cannot be waived by the Company. The Company will not give any Expression of Interest before all the Conditions have been and remained to be fulfilled. If the Company is unable to acquire the Buy-back Shares on or before the Longstop Date, the approval of the Independent Shareholders for the Proposed Share Buy-back referred to in sub-paragraph (b) above shall lapse, whereupon the Proposed Share Buy-back will not proceed. As at the date of this circular, Maxa Capital, being the independent financial adviser, has advised the Independent Board Committee that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned, and the Condition referred to in sub-paragraph (c) above has thus been fulfilled.

Completion

The Company intends that after all the Conditions have been fulfilled, it will, subject to the then market situation, instruct its stockbroker to contact the stockbroker of Huadian to give the Expression of Interest on behalf of the Company to seek Huadian's agreement to sell the Buy-back Shares at the Buy-back Price and at the Completion Time. The Expression of Interest shall set out the terms of the Proposed Share Buy-back, namely the actual number of the Buy-back Shares, the actual amount of the Buy-back Price and the Completion Time. The Completion Time shall be on or before the Longstop Date.

If Huadian agrees to the said terms of the Proposed Share Buy-Back, the sale and purchase of the Buy-back Shares will be transacted via the respective stockbrokers of the Company and Huadian as a block trade via a cross trade (as described in the paragraph headed "Block Trade Mechanism" above) based on the terms of the Expression of Interest. If Huadian does not agree so, the Expression of Interest will lapse and the Proposed Share Buy-back will not proceed.

After completion of the Proposed Share Buy-back, further announcement on such completion will be made by the Company, and the Buy-back Shares will be cancelled.

REASONS FOR AND BENEFITS OF THE PROPOSED SHARE BUY-BACK

The Directors (including members of the Independent Board Committee) consider that the Proposed Share Buy-back offers a good opportunity for the Company to enhance its earnings per Share and net consolidated asset value per Share. Hence, the Directors are of the view that the terms and conditions of the Proposed Share Buy-back are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

No Director has any material interest in the Proposed Share Buy-back save that the non-executive Director Mr. Wang Feng, who is also a Vice General Manager of Huadian New Energy (which wholly owns Huadian), has a conflict of interest as a result of Huadian's interest in the Proposed Share Buy-back. Accordingly, no Directors (other than Mr. Wang Feng) were required to abstain from voting at the Board meeting approving the Proposed Share Buy-back and the transactions contemplated thereunder.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

After the completion of the Proposed Share Buy-back, the Buy-back Shares will be cancelled. The then percentage interest of all the Shareholders in the issued share capital of the Company will be proportionally increased following the cancellation of the Buy-back Shares. Set out below for illustrative purposes is the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Proposed Share Buy-back and the cancellation of the Buy-back Shares assuming that (i) there is no other change in the shareholdings of the Company before completion of the Proposed Share Buy-back and the cancellation of the Buy-back Shares; and (ii) the number of the Buy-back Shares is 449,000,000 Shares:

Name of Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Proposed Share Buy-back and the cancellation of the Buy-back Shares	
	No. of Shares	Percentage of total issued Shares (%)	No. of Shares	Percentage of total issued Shares (%)
Non-public Shareholders				
<i>Company Concert Group —</i>				
<i>Directors and their concert parties:</i>				
Mr. Liu Shunxing ^(Note 1)	1,729,294,242	19.27	1,729,294,242	20.28
Ms. Liu Jianhong ^(Note 2)	170,250,000	1.90	170,250,000	2.00
Mr. Gui Kai	10,600,000	0.12	10,600,000	0.12
Mr. Niu Wenhui	11,000,000	0.12	11,000,000	0.13
Mr. Zhai Feng	1,000,000	0.01	1,000,000	0.01
Ms. Shang Jia	4,000,000	0.04	4,000,000	0.05
Mr. Yap Fat Suan, Henry ^(Note 3)	1,900,000	0.02	1,900,000	0.02
Dr. Jesse Zhixi Fang	1,600,000	0.02	1,600,000	0.02
Ms. Huang Jian	1,600,000	0.02	1,600,000	0.02
Mr. Zhang Zhong	1,600,000	0.02	1,600,000	0.02
<i>Company Concert Group — Other:</i>				
Trustee ^(Note 4)	128,600,000	1.43	128,600,000	1.51
<i>Company Concert Group sub-total:</i>	2,061,444,242	22.97	2,061,444,242	24.18
<i>Other connected persons:</i>				
Directors of the Subsidiaries	28,880,000	0.32	28,880,000	0.34
<i>Non-public Shareholders sub-total:</i>	2,090,324,242	23.29	2,090,324,242	24.52
Public Shareholders				
Huadian	880,000,000	9.80	431,000,000	5.05
Other public Shareholders	6,005,144,916	66.91	6,005,144,916	70.43
<i>Public Shareholders sub-total:</i>	6,885,144,916	76.71	6,436,144,916	75.48
Total	8,975,469,158	100	8,526,469,158	100

LETTER FROM THE BOARD

Notes:

- (1) As at the Latest Practicable Date, (i) 1,002,877,155 Shares were held by CWPI, and CWPI was wholly-owned by Permanent Growth Limited, which was in turn owned as to 46.77% by Mr. Liu Shunxing and as to 12.36% by Ms. Liu Jianhong; (ii) 701,617,087 Shares were held by Splendor Power Limited, which was in turn owned as to 99% by Mr. Liu Shunxing; (iii) Mr. Liu Shunxing beneficially held 24,500,000 Shares; and (iv) the son of Mr. Liu Shunxing beneficially held 300,000 Shares.
- (2) As at the Latest Practicable Date, 150,000,000 Shares were held by a discretionary trust for which Ms. Liu Jianhong is the founder and settlor. As at the Latest Practicable Date, Ms. Liu Jianhong beneficially held 20,250,000 Shares.
- (3) As at the Latest Practicable Date, Mr. Yat Fat Suan, Henry and his son beneficially held 1,800,000 Shares and 100,000 Shares respectively.
- (4) The Company has granted Award Shares under the Share Award Scheme to provide incentives to officers and employees of the Group for their contributions to the Group. All the Award Shares (save for those Award Shares already vested and transferred to the grantees thereof) are held by the Trustee, being a third party independent of Huadian. Under the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of any Award Shares held by it.
- (5) Certain percentage figures included in the above table have been subject to rounding adjustment so that figures shown as totals in the above tables may not be an arithmetic aggregation of the figures above or preceding them.

ARRANGEMENTS RELATING TO SHARES

As at the Latest Practicable Date, other than (a) 2,061,444,242 Shares being held by the Company Concert Group (representing approximately 22.97% of the existing total issued Shares); and (b) 880,000,000 Shares being held by Huadian (representing approximately 9.80% of the existing total issued Shares), details of the above shareholdings are set out in the paragraph headed “Effect on the Shareholding Structure of the Company” in this “Letter from the Board”, none of the Huadian Concert Group and the Company Concert Group:

- (a) held, owned, controlled or directed any Shares, outstanding warrants, options, derivatives or securities convertible into Shares;
- (b) had secured any irrevocable commitment to vote in favour of or against the Proposed Share Buy-back at the SGM;
- (c) had any arrangement (whether by way of option, indemnity or otherwise) or contract under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of Huadian which might be material to the Proposed Share Buy-back;
- (d) had any agreement or arrangement to which any member of the Huadian Concert Group or any member of the Company Concert Group was a party which related to the circumstances in which it might or might not invoke or seek to invoke any pre-condition or condition to the Proposed Share Buy-back;
- (e) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and

LETTER FROM THE BOARD

- (f) had acquired or disposed of any voting rights of the Company or had dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company during the Relevant Period save as disclosed below.

In December 2021 and March 2022, the Company repurchased 49,080,000 Shares in aggregate on the market at an average price of approximately HK\$0.7 per Share. Further details are set out in the section headed “6. Share Issuance and Buy-back” in appendix IV. In the past years, the Company granted the Award Shares to the Directors and a concert party of a Director (namely Mr. Liu Ning, who is the son of Mr. Liu Shunxing and a senior management of the Group) at nil consideration under the Share Award Scheme. During the Relevant Period, the following Award Shares were vested and acquired by the Directors or his concert parties:

Name of Director or his concert party	Number of vested Award Shares held by Directors or his concert parties <small>(Notes 1 and 2)</small>
Mr. Liu Shunxing <small>(Note 3)</small>	6,800,000
Ms. Liu Jianhong	5,250,000
Mr. Gui Kai	3,000,000
Mr. Niu Wenhui	3,000,000
Mr. Zhai Feng	1,000,000
Ms. Shang Jia	2,000,000
Mr. Yap Fat Suan, Henry	700,000
Dr. Jesse Zhixi Fang	700,000
Ms. Huang Jian	700,000
Mr. Zhang Zhong	700,000

Notes:

- (1) The vested Award Shares were vested and acquired by the Directors or his concert parties at nil consideration on 15 February 2022.
- (2) All the unvested Award Shares are held by the Trustee, being a third party independent of Huadian. Under the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of any Award Shares held by it.
- (3) The said 6,800,000 Shares comprised 6,500,000 Shares vested unto Mr. Liu Shunxing, and 300,000 Shares vested unto the son of Mr. Liu Shunxing.

OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (a) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any member of the Huadian Concert Group of the one part, and any member of the Company Concert Group of the other part;
- (b) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) any member of the Huadian Concert Group; or (b) the Company, its subsidiaries or associated companies; and
- (c) other than the Buy-back Price, no consideration, compensation or benefit in any form had been or would be paid by any member of the Company Concert Group to any member of the Huadian Concert Group in connection with the Proposed Share Buy-back.

LETTER FROM THE BOARD

GENERAL INFORMATION

The Company

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.

Huadian

As at the Latest Practicable Date: (i) Huadian beneficially owned 880,000,000 Shares (representing approximately 9.80% of the total number of the issued Shares); (ii) Huadian was wholly-owned by Huadian New Energy, which was in turn owned as to approximately 52.40% by Huadian Furui, and as to approximately 31.03% by Huadian International; (iii) China Huadian owned a 100% interest in Huadian Furui, and an approximately 46.84% interest in Huadian International, which was a company listed in Shanghai; and (iv) China Huadian was a state-owned enterprise wholly owned by the SASAC.

Huadian and its subsidiaries are primarily engaged in the development, management and operation of wind power and other clean energy projects throughout the PRC.

IMPLICATIONS UNDER THE SHARE BUY-BACKS CODE

The Proposed Share Buy-back constitutes an off-market share buy-back under the Share Buy-backs Code, and is thus subject to the requirements of the Share Buy-backs Code, including the obtaining of the approval from the Executive for the Proposed Share Buy-back under Rule 2 of the Share Buy-backs Code. The Company has made an application to the Executive for such approval. The Executive's approval, if granted, will normally be conditional upon, among other things, the approval of the Proposed Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders on the Proposed Share Buy-back. The Independent Board Committee comprises all the independent non-executive Directors, namely Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian, Mr. Zhang Zhong and Ms. Li Yongli, all of whom do not have any direct or indirect interest in the Proposed Share Buy-back other than (where applicable) being Shareholders. The non-executive Director Mr. Wang Feng, who is also a Vice General Manager of Huadian New Energy (which wholly owns Huadian), is not a member of the Independent Board Committee due to conflict of interest as a result of Huadian's interest in the Proposed Share Buy-back. The advice of the Independent Board Committee is set out in the "Letter from the Independent Board Committee" as appendix I to this circular.

LETTER FROM THE BOARD

Maxa Capital has been appointed as the independent financial adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard and in particular as to whether the Proposed Share Buy-back is, or is not, fair and reasonable so far as the Independent Shareholders are concerned and as to voting. The advice of the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” as appendix II to this circular.

SPECIAL GENERAL MEETING

The SGM will be held at 10:00 a.m. on Monday, 15 August 2022 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve, the Proposed Share Buy-back. 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 resolution put to vote at the SGM will be decided by way of poll.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the Proposed Share Buy-back 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.

The completion of the Proposed Share Buy-back is subject to (i) the fulfilment of the Conditions; (ii) the giving of the Expression of Interest by the Company; and (iii) the obtaining of the agreement of Huadian to the terms of the Expression of Interest. Hence, the Proposed Share Buy-back may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and the other securities of the Company.

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

**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)**

20 July 2022

To the Independent Shareholders

Dear Sir or Madam,

POSSIBLE OFF-MARKET SHARE BUY-BACK

We refer to the circular of the company dated 20 July 2022 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, (i) the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Share Buy-back is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to the voting in respect of the resolution to be proposed at the SGM to approve the Proposed Share Buy-back. Maxa Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard. Details of the advice from Maxa Capital, together with the principal factors and reasons they have taken into consideration in arriving in such advice, are contained in their letter set out as appendix II to the Circular. Your attention is also drawn to the letter form the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Proposed Share Buy-back and the advice from Maxa Capital, we are of the view that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Share Buy-back.

* *For identification purposes only*

Yours faithfully,
Independent Board Committee of
Concord New Energy Group Limited

Mr. Yap Fat Suan, Henry
Independent
Non-executive Director

Dr. Jesse Zhixi Fang
Independent
Non-executive Director

Ms. Huang Jian
Independent
Non-executive Director

Mr. Zhang Zhong
Independent
Non-executive Director

Ms. Li Yongli
Independent
Non-executive Director

The following is the full text of the letter from Maxa Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in respect of the Proposed Share Buy-back, which has been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

20 July 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

POSSIBLE OFF-MARKET SHARE BUY-BACK

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Proposed Share Buy-back, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 20 July 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 21 June 2022, the Board announced that Huadian, which beneficially owns 880,000,000 Shares (representing approximately 9.80% of the total number of the issued Shares), had informed the Company that it intends to dispose of the Disposal Shares, namely up to 449,000,000 Shares (representing approximately 5.00% of the total number of the issued Shares); and subject to the fulfilment of all the Conditions and the agreement of Huadian, the Company proposes to acquire the Buy-back Shares from Huadian at the Buy-back Price and at the Completion Time.

No legally binding agreement has been or will be entered into by the Company and Huadian for the sale and purchase of the Buy-back Shares. The Company intends that after all the Conditions have been fulfilled, the Company will, subject to the then market situation, give the Expression of Interest to Huadian to seek its agreement to sell the Buy-back Shares at the Buy-back Price and at the Completion Time on or before the Longstop Date. Upon completion of the Proposed Share Buy-back, the Buy-back Shares will be cancelled. The Company reserves the right not to give any Expression of Interest notwithstanding that all the Conditions have been fulfilled.

IMPLICATIONS UNDER THE SHARE BUY-BACKS CODE

The Proposed Share Buy-back constitutes an off-market share buy-back under the Share Buy-backs Code, and is therefore subject to the requirements of the Share Buy-backs Code, including the obtaining of the approval from the Executive for the Proposed Share Buy-back under Rule 2 of the Share Buy-backs Code. The Company has made an application to the Executive for such approval. The Executive's approval, if granted, will normally be conditional upon, among other things, the approval of the Proposed Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian, Mr. Zhang Zhong and Ms. Li Yongli, all of whom do not have any direct or indirect interest in the Proposed Share Buy-back other than (where applicable) being Shareholders. The non-executive Director Mr. Wang Feng, who is also a Vice General Manager of Huadian New Energy (which wholly owns Huadian), is not a member of the Independent Board Committee due to conflict of interest as a result of Huadian's interest in the Proposed Share Buy-back.

We, Maxa Capital, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Share Buy-back and in particular as to whether the Proposed Share Buy-back is, or is not, fair and reasonable so far as the Independent Shareholders are concerned and as to its voting.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected, financial or otherwise, with the Company, Huadian, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the Latest Practicable Date, save for (i) this appointment as Independent Financial Adviser; and (ii) our appointment as independent financial adviser to independent board committee and independent shareholders of the Company in relation to the finance lease arrangements, details of which were set out in the circular of the Company dated 8 November 2021, there were no other appointments between Maxa Capital and the Company or Huadian or the parties acting in concert with any of them. Apart from normal professional fees paid or payable to us in connection with these appointments as the independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company, Huadian, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice in respect of the Proposed Share Buy-back.

BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, among other things: (i) the information contained or referred to in the Circular; and (ii) the annual reports of the Company for the year ended 31 December 2020 and 2021 (“**2020 AR**” and “**2021 AR**”). We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required to reach an informed view and to provide a reasonable basis for our recommendation.

We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations as soon as practicable before the SGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers, the Directors and the Management. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED**1. Background information of the Group**

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.

Set out below is the financial information of the Group for the three years ended 31 December 2021 prepared in accordance with Hong Kong Financial Reporting Standards and extracted from the Company's 2020 AR and 2021 AR:

	For the year ended 31 December		
	2021	2020	2019
	(audited)	(audited)	(audited)
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Revenue	2,183,048	2,000,754	1,835,922
Profit for the year	808,456	684,208	613,119
Net profit margin	37.03%	34.20%	33.40%
	As at 31 December		
	2021	2020	2019
	(audited)	(audited)	(audited)
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Cash and cash equivalents	3,510,470	2,280,459	1,462,082
Total assets	24,035,412	19,528,281	19,892,437
Total liabilities	16,481,931	13,033,779	13,923,236
Total equity	7,553,481	6,494,502	5,969,201

As illustrated in the above table, the Group recorded stable growth on revenue and profit during the three years ended 31 December 2021, which was primarily attributable to the constant improvement of asset quality of power plants, through disposing power plants with lower utilisation hours and improving the operation quality of the Group's remaining power plants by carrying out efficiency improvements and technological transformation on wind turbines as well as strengthening refined management, and the continuous increase of installed capacities. The Group's revenue amounted to approximately RMB2,183.0 million for the year ended 31 December 2021 ("FY2021"), representing an increase of approximately 9.11% as compared to approximately RMB2,000.8 million for the year ended 31 December 2020 ("FY2020"), and the Group's revenue for FY2020 recorded an increase of approximately 8.98% as compared to approximately RMB1,835.9 million for the year ended 31 December 2019 ("FY2019"). The Group's profit for FY2021 was approximately RMB808.5 million, representing an increase of approximately 18.16% as compared to approximately RMB684.3 million for FY2020, and the Group's profit for FY2020 recorded an increase of approximately 11.59% compared to approximately RMB613.1 million for FY2019. The Group's net profit margin has achieved a steady growth during the three years ended 31 December 2021, which was primarily attributable to the constant improvement of asset quality of power plants.

The Group's total assets increased by approximately 23.08% from approximately RMB19,528.3 million as at 31 December 2020 to approximately RMB24,035.4 million as at 31 December 2021, which was primarily attributable to (i) the increase of property, plant and equipment resulting from significant increase of the size of projects under construction; (ii) the increase of trade and bill receivable resulting from the increase of the sale of electricity, provision of construction and other services; (iii) the increase of prepayments, deposits and other receivables resulting from the increase of (a) deposit paid for the purchase of property, plant and equipment; (b) deposits for other borrowings; and (c) value-added tax recoverable; and (iv) the increase of cash and cash equivalents. The cash and cash equivalents of the Group recorded an increase of approximately 53.94% from approximately 2,280.5 million as at 31 December 2020 to approximately 3,510.5 million as at 31 December 2021, which was primarily attributable to the operating profit of the Group recorded in FY2021. The total liabilities of the Group recorded an increase of approximately 26.46% from approximately RMB13,033.8 million as at 31 December 2020 to approximately RMB16,482.0 million as at 31 December 2021, which was primarily attributable to (i) the increase of other borrowings resulting from the increase of agreements entered with the financial institutions for the financing of construction projects; and (ii) the increase of payables for construction in progress, other payables and accruals resulting from the increase of construction projects. The total equity of the Group amounted to approximately RMB7,553.5 million as at 31 December 2021, representing an increase of approximately 16.31% from approximately RMB6,494.5 million as at 31 December 2020.

The Group's total assets decreased by approximately 1.83% from approximately RMB19,892.4 million as at 31 December 2019 to approximately RMB19,528.3 million as at 31 December 2020. The cash and cash equivalents of the Group recorded an increase of approximately 55.97% from approximately 1,462.1 million as at 31 December 2019 to approximately 2,280.5 million as at 31 December 2020. The total liabilities of the Group recorded a decrease of approximately 6.39% from approximately RMB13,923.2 million as at 31 December 2019 to approximately RMB13,033.8 million as at 31 December 2020. The total equity of the Group amounted to approximately RMB6,494.5 million as at 31 December 2020, representing an increase of approximately 8.80% from approximately RMB5,969.2 million as at 31 December 2019.

2. Background Information of Huadian

As stated in the Letter from the Board, Huadian and its subsidiaries are primarily engaged in the development, management and operation of wind power and other clean energy projects throughout the PRC. As at the Latest Practicable Date: (i) Huadian beneficially owns 880,000,000 Shares (representing approximately 9.80% of the total number of the issued Shares); (ii) Huadian is wholly-owned by Huadian New Energy, which is in turn owned as to approximately 52.40% by Huadian Furui, and as to approximately 31.03% by Huadian International; (iii) China Huadian owns a 100% interest in Huadian Furui, and an approximately 46.84% interest in Huadian International, which is a company listed in Shanghai; and (iv) China Huadian is a state-owned enterprise wholly owned by the SASAC.

3. Reasons for and benefits of the Proposed Share Buy-back

As stated in the Letter from the Board, the Directors (including members of the Independent Board Committee) consider that the Proposed Share Buy-back offers a good opportunity for the Company to enhance its earnings per Share and net consolidated asset value per Share. Based on the 2021 AR, the Group had cash and cash equivalents of approximately RMB3,510.5 million. It had also delivered a solid financial performance in FY2021, recording a profit attributable to Shareholders of approximately RMB778.5 million. The total cash required to conduct the Proposed Share Buy-back will not be more than approximately HK\$409.0 million (equivalent to approximately RMB351.8 million based on an exchange rate of HK\$1.0 = RMB0.86), representing approximately 10.02% of the cash and cash equivalents of the Group as at 31 December 2021. We have discussed with the Management and understood that there has been no material adverse change on the financial position of the Group since 31 December 2021, in particular the cash and working capital of the Group. Based on the Group's prevailing financial performance and financial position, we concur with the Management's view that the Group is in reasonable financial health and that it has the necessary financial resources to conduct the Proposed Share Buy-back without significantly compromising its liquidity position required for its normal business operations. For our further analysis on the financial effects of the Proposed Share Buy-back, please refer to the sub-section below headed "Financial effects of the Proposed Share Buy-back" of this letter.

4. Terms of the Proposed Share Buy-back

The terms and conditions of the Buy-back Shares are as follows:

Parties

Seller: Huadian
Purchaser: the Company

Buy-back Shares

Such number of the Buy-back Shares to be specified by the Company in the Expression of Interest, which shall not exceed the number of the Disposal Shares, i.e. up to 449,000,000 Shares.

Buy-back Price

The Buy-back Price for each Buy-back Share shall be a price to be specified by the Company in the Expression of Interest provided that the Buy-back Price shall not exceed the lower of the following two amounts (the "Ceiling Price"):

- (a) 95% of the average closing price per Share quoted on the Stock Exchange for the five trading days immediately preceding the day on which the Expression of Interest is given to Huadian (the "Discounted Average Closing Price"), and 95% of the said average closing price would be approximately HK\$0.728 if the date of the Expression of Interest were the Latest Practicable Date; and

- (b) 95% of the audited consolidated net asset value per Share as at 31 December 2021 based on the Company's audited consolidated net asset value attributable to Shareholders of approximately RMB7,404.87 million as at 31 December 2021 and the number of the total issued Shares as at the day on which the Expression of Interest is given to Huadian, which will be approximately RMB0.784 (approximately HK\$0.911 based on an exchange rate of HK\$1.0 = RMB0.86, and assuming that the total issued Shares as at the date of the Expression of Interest is the same as the total issued Shares of 8,975,469,158 Shares as at the Latest Practicable Date) (the "**Max Buy-back Price**").

If the Company were to give the Expression of Interest to Huadian on the Latest Practicable Date, the Ceiling Price would have been approximately HK\$0.728 (the "**Illustrative Ceiling Price**").

During the six-month period immediately preceding and including the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.79 on 8 April 2022 and 4 July 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.62 on 15 March 2022.

The Buy-back Price shall not exceed the Ceiling Price, and will be determined following arms' length negotiations between the Company and Huadian taking into account the market conditions, the market price of the Shares and the financial position of the Company as at the time of the Expression of Interest. The Buy-back Price will be financed by the Company's internal resources. Based on the Illustrative Ceiling Price of HK\$0.728 and the number of Buy-back Shares of 449,000,000 Shares, the expected amount involved in the Proposed Share Buy-back is HK\$326,872,000. In the event that the market price of the Shares has raised to the level which led to the Discounted Average Closing Price exceeds the Max Buy-back Price, the Ceiling Price would be equal to the Max Buy-back Price of HK\$0.911. Under such circumstance, based on Max Buy-back Price and the number of Buy-back Shares of 449,000,000 Shares, the expected amount involved in the Proposed Share Buy-back is HK\$409,039,000.

As at the Latest Practicable Date, there are declared but unclaimed dividends in respect of the Shares amounting to approximately HK\$2,633, and, save for the said unclaimed dividends, the Company does not have any declared but unpaid dividend. As set out in the circular of the Company dated 25 May 2022, the Board has recommended the payment of a final dividend of HK\$0.03 per Share for the year ended 31 December 2021 (the "**Proposed Final Dividends**") to Shareholders whose names appear on the register of members of the Company on 12 July 2022. The Proposed Final Dividends was approved by the Shareholders at the annual general meeting of the Company to be held on 24 June 2022. The Proposed Final Dividends will be paid on or about 29 July 2022. The record date for determining the entitlement of the Shareholders to the Proposed Final Dividends is 12 July 2022. Since the SGM will be held on a date later than the said record date, the Buy-back Shares will not be entitled to the Proposed Final Dividends.

Conditions

The completion of the Proposed Share Buy-back will be subject to and conditional upon the fulfilment of the following Conditions:

- (a) the approval by the Executive of the Proposed Share Buy-back under the Share Buy-backs Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (b) the approval by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the SGM duly convened and held in accordance with the Share Buy-backs Code; and
- (c) the Independent Financial Adviser to the Independent Board Committee confirming that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned.

The Conditions set out above cannot be waived by the Company. The Company will not give any Expression of Interest before all the Conditions have been and remained to be fulfilled. If the Company is unable to acquire the Buy-back Shares on or before the Longstop Date, the approval of the Independent Shareholders for the Proposed Share Buy-back referred to in sub-paragraph (b) above shall lapse, whereupon the Proposed Share Buy-back will not proceed. As at the date of the Circular, the Condition referred to in sub-paragraph (c) above has been fulfilled.

Completion

The Company intends that after all the Conditions have been fulfilled, it will, subject to the then market situation, instruct its stockbroker to contact the stockbroker of Huadian to give the Expression of Interest on behalf of the Company to seek Huadian's agreement to sell the Buy-back Shares at the Buy-back Price and at the Completion Time. The Expression of Interest shall set out the terms of the Proposed Share Buy-back, namely the actual number of the Buy-back Shares, the actual amount of the Buy-back Price and the Completion Time. The Completion Time shall be on or before the Longstop Date.

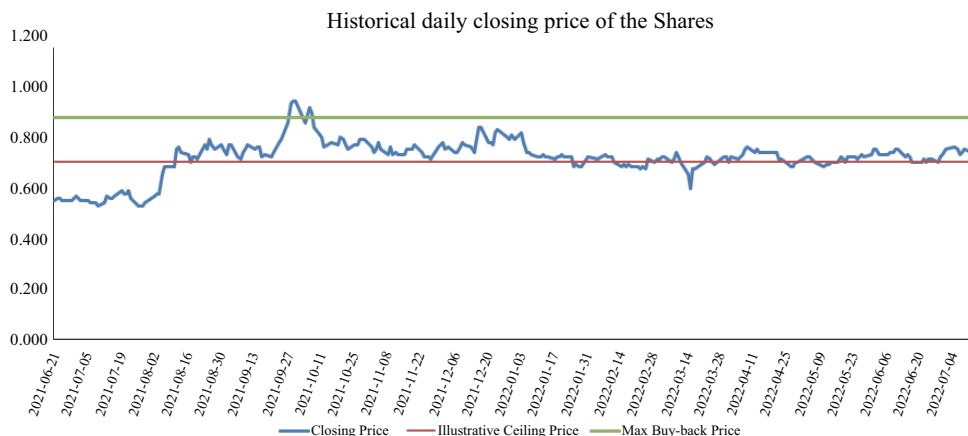
If Huadian agrees to the said terms of the Proposed Share Buy-Back, the sale and purchase of the Buy-back Shares will be transacted via the respective stockbrokers of the Company and Huadian as a block trade via a cross trade (as described in the paragraph headed "Block Trade Mechanism" of the Letter from the Board) based on the terms of the Expression of Interest. If Huadian does not agree so, the Expression of Interest will lapse and the Proposed Share Buy-back will not proceed.

After completion of the Proposed Share Buy-back, further announcement on such completion will be made by the Company, and the Buy-back Shares will be cancelled.

5. Assessment of the Buy-back Price

5.1 Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Buy-back Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 21 June 2021, being 12 months prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”).



Source: Wind

As shown above, the closing price of the Shares fluctuated within a range from HK\$0.55 to HK\$0.98 during the Review Period and the average closing price during the Review Period was approximately HK\$0.74.

For illustrative purposes, if the Buy-back Price equals to the Illustrative Ceiling Price of HK\$0.728 assuming that the Company were to give the Expression of Interest to Huadian on the Latest Practicable Date, such Buy-back Price is within the range of the closing price during the Review Period and represents:

- (a) a discount of approximately 1.6% to the average closing price during the Review Period of approximately HK\$0.74;
- (b) a discount of approximately 1.6% to the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (c) a discount of approximately 4.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date of approximately HK\$0.76 per Share;

- (d) a discount of approximately 4.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Latest Practicable Date of approximately HK\$0.76 per Share;
- (e) a discount of approximately 0.3% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (f) a discount of approximately 24.1% to the audited consolidated net asset value per Share of approximately RMB0.825 (approximately HK\$0.959 based on an exchange rate of HK\$1.0 = RMB0.86) as at 31 December 2021, calculated based on the Company's audited consolidated net asset value attributable to Shareholders of approximately RMB7,404.87 million as at 31 December 2021 and 8,975,469,158 Shares in issue as at the Latest Practicable Date.

The Shareholders are advised that since the closing price of the Shares were broadly below the consolidated net asset value per Share during the Review Period, it is likely the Ceiling Price will be determined as the Discounted Average Closing Price.

However, in the event that the market price of the Shares increases substantially before the Expression of Interest is given to Huadian and the Discounted Average Closing Price exceeds the Max Buy-back Price, the Buy-back Price would be equal to the Max Buy-back Price of HK\$0.911, which is still within the range of the closing price during the Review Period and represents:

- (a) a discount of at least 5% to the average closing price per Share quoted on the Stock Exchange for the five trading days immediately preceding the day on which the Expression of Interest is given to Huadian;
- (b) a premium of approximately 23.1% to the average closing price during the Review Period of approximately HK\$0.74;
- (c) a premium of approximately 23.1% to the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a premium of approximately 19.9% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date of approximately HK\$0.76 per Share;
- (e) a premium of approximately 19.9% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Latest Practicable Date of approximately HK\$0.76 per Share;
- (f) a premium of approximately 24.8% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (g) a discount of approximately 5% to the audited consolidated net asset value per Share of approximately RMB0.825 (approximately HK\$0.959 based on an exchange rate of HK\$1.0 = RMB0.86) as at 31 December 2021, calculated based on the Company's audited consolidated net asset value attributable to Shareholders of approximately RMB7,404.87 million as at 31 December 2021 and 8,975,469,158 Shares in issue as at the Latest Practicable Date.

5.2 Historical trading liquidity

The table below sets out information on the market trading liquidity of the Shares during the Review Period.

Months	Total trading volume of Shares for the month/period	Number of trading days	Average daily trading volume (Note 1)	% of average daily trading volume to total number of issued Shares (Note 2)	% of average daily trading volume to total Shares held by public Shareholders (Note 3)
2021					
June (since 21 June 2021)	60,863,000	8	7,607,875	0.09%	0.11%
July	320,683,278	21	15,270,632	0.18%	0.22%
August	1,099,225,708	22	49,964,805	0.60%	0.73%
September	1,242,897,381	21	59,185,590	0.70%	0.86%
October	1,122,223,963	18	62,345,776	0.73%	0.91%
November	602,013,692	22	27,364,259	0.31%	0.40%
December	691,795,741	22	31,445,261	0.35%	0.46%
2022					
January	481,769,302	21	22,941,395	0.26%	0.33%
February	277,867,863	17	16,345,168	0.18%	0.24%
March	619,685,456	23	26,942,846	0.30%	0.39%
April	357,722,346	18	19,873,464	0.22%	0.29%
May	227,560,153	20	11,378,008	0.13%	0.17%
June	319,521,698	21	15,215,319	0.17%	0.22%
July (up to 15 July 2022)	166,014,909	10	16,601,491	0.18%	0.24%
Minimum				0.09%	0.11%
Average				0.31%	0.40%
Maximum				0.73%	0.91%

Source: Wind

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.
3. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders as at the Latest Practicable Date, i.e. 6,885,144,916.

As illustrated in the above table, the percentage of average daily trading volume to the total number of issued Shares ranged from approximately 0.09% to approximately 0.73% while the percentage of average daily trading volume to the total number of Shares held by public Shareholders ranged from approximately 0.11% to approximately 0.91%. The average daily trading volume of the Shares during the Review Period was 27,320,135 Shares, representing approximately 0.31% of the total number of issued shares and approximately 0.40% of the total number of Shares held by public Shareholders as at the Latest Practicable Date, respectively. Based on the above, we are of the view that the trading volume of the Shares was relatively thin during the Review Period, and without the Proposed Share Buy-back, Huadian's divestment activities of large blocks of the Shares in the open market may potentially impose a considerable downward pressure on the price of the Shares.

5.3 *Comparable company analysis*

To assess the fairness and reasonableness of the Buy-back Price, we have also identified an exhaustive list of five listed companies on the Mainboard of the Stock Exchange which are principally engaged in wind or solar power generation business in the PRC and recorded profit in FY2021 (the "**Comparable Companies**"). We have made reference to the price-to-net asset value or price-to-book ratio ("**P/B Ratio**") and price-to-earnings ratio ("**P/E Ratio**"), which are commonly used valuation multiples for companies, of the Comparable Companies and set out below our findings.

Stock code	Company name	Market Capitalisation as at the Latest Practicable Date (HK\$ billion)	P/B Ratio ¹ (times)	P/E Ratio ² (times)
686.HK	Beijing Energy International Holding Co., Ltd.	5.3	0.71	7.64
916.HK	China Longyuan Power Group Corporation Limited	114.5	1.65	15.20
987.HK	China Renewable Energy Investment Limited	0.6	0.30	5.42
1798.HK	China Datang Corporation Renewable Power Co., Limited	16.1	1.02	7.21
3868.HK	Xinyi Energy Holdings Limited	28.4	2.26	23.04
Minimum			0.30	5.42
Average			1.19	11.70
Maximum			2.26	23.04
182.HK	The Company	6.6	0.76³ 0.95⁴	7.22³ 9.03⁴

Source: Wind

Notes:

1. The P/B Ratios of Comparable Companies are calculated based on their respective market capitalisation on the Latest Practicable Date and net asset value attributable to shareholders as at 31 December 2021.
2. The P/E Ratios of Comparable Companies are calculated based on their respective market capitalisation on the Latest Practicable Date and net profit attributable to shareholders for FY2021.
3. The implied P/B Ratio and the implied P/E Ratio of the Company are calculated based on the Illustrative Ceiling Price of HK\$0.728, net asset value attributable to Shareholders as at 31 December 2021 and net profit attributable to Shareholders for FY2021.
4. The implied P/B Ratio and the implied P/E Ratio of the Company are calculated based on the Max Buy-back Price of HK\$0.911, net asset value attributable to Shareholders as at 31 December 2021 and net profit attributable to Shareholders for FY2021.

As shown above, the P/B Ratios of the Comparable Companies ranged from approximately 0.30 times to approximately 2.26 times with an average of 1.19 times and the P/E Ratios of the Comparable Companies ranged from approximately 5.42 times to approximately 23.04 times with an average of 11.70 times. The implied P/B Ratio and P/E Ratio of the Company based on the Illustrative Ceiling Price are 0.76 times and 7.22 times, representing a discount of approximately 36.09% and 38.31% to the average P/B Ratio and P/E Ratio of the Comparable Companies, respectively. The implied P/B Ratio and P/E Ratio of the Company based on the Max Buy-back Price are 0.95 times and 9.03 times, representing a discount of approximately 20.02% and 22.80% to the average P/B Ratio and P/E Ratio of the Comparable Companies, respectively.

5.4 *Comparable transaction analysis*

To further assess the fairness and reasonableness of the Ceiling Price, we have searched and reviewed the announcements released by companies listed on the Stock Exchange in relation to off-market share buy-backs from 21 June 2018, being four years immediately prior to the Last Trading Day, up to and including the Latest Practicable Date, and identified five comparable transactions (the “**Comparable Transactions**”) which were not made for the purpose of unwinding previous acquisitions. Having taken into account that the rarity of relevant precedent cases available on the Stock Exchange and the extension of review period would allow us to capture a sufficient number of samples for a meaningful analysis on the market practice in respect of such transactions, we consider that the review period of four years is reasonable and the Comparable Transactions are exhaustive, sufficient, fair and representative samples for our assessment of the Ceiling Price.

Date of announcement	Company name	Stock Code	Premium/ (Discount) of the share buy-back price over/to the average closing price for the five trading days before the last trading day	Premium/ (Discount) of the share buy-back price over/to the latest net asset value per share before the last trading day
2022/1/28	The Bank of East Asia	23.HK	(6.57%)	(65.66%)
2020/3/19	Medicskin Holdings Limited	8307.HK	5.40%	60.67%
2019/9/26	China Development Bank Financial Leasing Co., Ltd	1606.HK	48.83%	6.36%
2019/5/16	Tern Properties Company Limited	277.HK	28.59%	(57.78%)
2019/1/23	Dah Sing Financial Holdings Limited	440.HK	(1.55%)	(48.91%)
Minimum			(6.57%)	(65.66%)
Average			14.94%	(21.06%)
Maximum			48.83%	60.67%
	The Company	182.HK	(5.0%) ¹ ≤(5.0%) ²	(24.1%) ¹ (5.0%) ²

Source: www.hkexnews.hk

Notes:

1. The discount rates are calculated based on the Illustrative Ceiling Price of HK\$0.728.
2. The discount rates are calculated based on the Max Buy-back Price of HK\$0.911.

As illustrated in the table above, the premium/(discount) of the share buy-back price over/to the average closing price for the five trading days before the last trading day for the Comparable Transactions ranged from a discount of approximately 6.57% to a premium of approximately 48.83% with an average premium of 14.94%; the premium/(discount) of the share buy-back price over/to the latest net asset value per share before the last trading day ranged from a discount of approximately 65.66% to a premium of approximately 60.67% with an average discount of 21.06%. The discount rates (i.e. 5%) used in determining the Ceiling Price fall within the range of such discount rates of the Comparable Transactions.

5.5 *Our view on the Buy-Back Price*

Taking into account (i) the Max Buy-back Price represents a discount of at least 5% to both the audited consolidated net asset value per Share and the average closing price per Share quoted on the Stock Exchange for the five trading days immediately preceding the day on which the Expression of Interest is given to Huadian; (ii) the Illustrative Ceiling Price represents a discount to the average closing price of the Shares during the Review Period and the Max Buy-back Price is within the range of the closing price of the Shares during the Review Period; (iii) the trading volume of the Shares was relatively thin during the Review Period and the divestment of the Buy-back Shares in the open market may lead to considerable downward pressure to the price of the Shares; (iv) the implied P/B Ratios and the P/E Ratios of the Company based on the Illustrative Ceiling Price and the Max Buy-back Price represent substantial discount to the average P/B Ratio and P/E Ratio of the Comparable Companies, respectively; and (v) the discount rates (i.e. 5%) used in determining the Ceiling Price fall within the range of such discount rates of the Comparable Transactions, we are of the view that the Buy-back Price is fair and reasonable and the Proposed Share Buy-back is beneficial to the Company and the Independent Shareholders as a whole.

6. **Effect on the shareholding structure of the Company**

As illustrated by the table under the sub-section headed “EFFECT ON THE SHAREHOLDING STRUCTURES OF THE COMPANY” in the Letter from the Board, assuming that (i) there is no other change in the shareholdings of the Company before completion of the Proposed Share Buy-back and the cancellation of the Buy-back Shares; and (ii) the number of the Buy-back Shares is 449,000,000 Shares, the interest of public Shareholders in the Company’s total number of issued Shares would decrease slightly from approximately 76.71% to approximately 75.48% immediately after the completion of the Proposed Share Buy-back and the cancellation of the Buy-back Shares. Meanwhile, Mr. Liu Shunxing would remain as the sole substantial Shareholder of the Company.

7. **Financial effects of the Proposed Share Buy-back**

Based on assumptions mentioned in the sub-section headed “6. Effect on the shareholding structure of the Company” above, as a result of the Proposed Share Buy-back and the cancellation of the Buy-back Shares, the total number of issued Shares would decrease from 8,975,469,158 as at the Latest Practicable Date to 8,526,469,158. Set out below is our analysis on the potential financial effects of the Proposed Share Buy-back on the Group. It should be noted that the figures and financial impact shown below are for illustrative purpose only.

7.1 *Earnings per Share*

Given the total number of issued Shares will be decreased as a result of the Proposed Share Buy-back and the cancellation of the Buy-back Shares, the earnings per Share would be enhanced. For illustrative purpose only, assuming the Share buy-back had taken place on 1 January 2021 and the Disposal Shares of 449,000,000 Shares had been bought back in full and cancelled, and based on the weighted average number of shares in issue for FY2021 of 8,325,227,000 before the Proposed Share Buy-back; and the Company's net profit attributable to the Shareholders for FY2021 of approximately RMB778.47 million, the basic earnings per Share for FY2021 would increase from approximately RMB9.35 cents to approximately RMB9.88 cents, representing an increase of approximately 5.70%.

7.2 *Consolidated net asset value per Share*

Given the Buy-back Price is lower than the consolidated net asset value per Share, the consolidated net asset value per Share would be enhanced after the Proposed Share Buy-back.

In the event that the Discounted Average Closing Price remains lower than the Max Buy-back Price on the day on which the Expression of Interest is given to Huadian, the Ceiling Price would be equal to the Discounted Average Closing Price. For illustrative purpose only, assuming (i) the Share buy-back had taken place on 31 December 2021; and (ii) the Disposal Shares of 449,000,000 Shares had been bought back in full at the Illustrative Ceiling Price of HK\$0.728 and cancelled; and based on the total number of issued Shares of 8,985,329,158 immediately before the Proposed Share Buy-back as at 31 December 2021 and the Company's audited net asset value attributable to Shareholders as at 31 December 2021 of approximately RMB7,404.87 million, the consolidated net asset value per Share as at 31 December 2021 would be enhanced from approximately RMB0.824 to approximately RMB0.835, representing an increase of approximately 1.26%.

In the event that the Discounted Average Closing Price exceeds the Max Buy-back Price on the day on which the Expression of Interest is given to Huadian, the Ceiling Price would be equal to the Max Buy-back Price. For illustrative purpose only, assuming (i) the Share buy-back had taken place on 31 December 2021; and (ii) the Disposal Shares of 449,000,000 Shares had been bought back in full at the Max Buy-back Price of HK\$0.911 and cancelled, the consolidated net asset value per Share as at 31 December 2021 would be enhanced from approximately RMB0.824 to approximately RMB0.826, representing an increase of approximately 0.26%.

7.3 *Working capital*

As stated in the Letter from the Board, the Buy-back Price will be financed by the Company's internal resources. According to the 2021 AR, the Group has cash and cash equivalents of approximately RMB3,510.5 million and working capital of approximately RMB1,746.2 million as at 31 December 2021.

In the event that the Discounted Average Closing Price remains lower than the Max Buy-back Price on the day on which the Expression of Interest is given to Huadian, the Ceiling Price would be equal to the Discounted Average Closing Price. Assuming the Buy-back Price equals to the Illustrative Ceiling Price of HK\$0.728, the total consideration of the Proposed Share Buy-back shall not exceed approximately HK\$326.9 million (equivalent to approximately RMB281.1 million based on an exchange rate of HK\$1.0 = RMB0.86), representing approximately 8.01% of the cash and cash equivalents of the Group as at 31 December 2021.

In the event that the Discounted Average Closing Price exceeds the Max Buy-back Price on the day on which the Expression of Interest is given to Huadian, the Ceiling Price would be equal to the Max Buy-back Price. Assuming the Buy-back Price equals to the Max Buy-back Price of HK\$0.911, the total consideration of the Proposed Share Buy-back shall not exceed approximately HK\$409.0 million (equivalent to approximately RMB351.8 million based on an exchange rate of HK\$1.0 = RMB0.86), representing approximately 10.02% of the cash and cash equivalents of the Group as at 31 December 2021.

As the Group has continued to generate positive cash flow from its businesses, we concur with the Management that the cash outflow in relation to the Proposed Share Buy-back would not have any material adverse impact on the working capital of the Group.

7.4 *Total liabilities*

Given the total consideration of the Proposed Share Buy-back will be settled by the Company's internal resources, there will not be any direct impact on the total liabilities of the Group.

Based on the above analysis, we are of the view that overall, the Proposed Share Buy-back has positive financial effects on the Group and is in the interest of the Independent Shareholders.

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, we are of the view that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we also recommend, the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM for approving the Proposed Share Buy-back.

For and on behalf of
Maxa Capital Limited
Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 14 years of experience in the corporate finance industry.

1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated results and assets and liabilities of the Company for the three years ended 31 December 2019, 2020 and 2021, respectively, as extracted from the relevant annual reports of the Company:

Consolidated Statement of Profit or Loss

	2021	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,183,048	2,000,754	1,835,922
Cost of sales and services rendered	<u>(872,792)</u>	<u>(759,700)</u>	<u>(714,842)</u>
Gross profit	1,310,256	1,241,054	1,121,080
Other income	82,735	41,341	31,669
Other gains and losses, net	153,563	116,327	104,886
Impairment losses under expected credit loss model, net of reversal	27,550	(10,899)	(40,560)
Distribution and selling expenses	(12,708)	(12,335)	(11,695)
Administrative expenses	(337,598)	(322,720)	(287,160)
Finance costs	(446,120)	(404,420)	(384,809)
Share of profit of joint ventures, net	134,246	118,265	136,889
Share of profit/(loss) of associates, net	<u>18,265</u>	<u>(3,987)</u>	<u>17,406</u>
Profit before income tax	930,189	762,626	652,206
Income tax expense	<u>(121,733)</u>	<u>(78,418)</u>	<u>(39,087)</u>
Profit for the year	<u><u>808,456</u></u>	<u><u>684,208</u></u>	<u><u>613,119</u></u>
Profit for the year attributable to:			
Equity shareholders of the Company	778,476	673,405	604,293
Non-controlling interests	<u>29,980</u>	<u>10,803</u>	<u>8,826</u>
	<u><u>808,456</u></u>	<u><u>684,208</u></u>	<u><u>613,119</u></u>
Earnings per share			
Basic (<i>RMB cents</i>)	<u><u>9.35</u></u>	<u><u>8.18</u></u>	<u><u>7.22</u></u>
Diluted (<i>RMB cents</i>)	<u><u>9.28</u></u>	<u><u>7.86</u></u>	<u><u>6.86</u></u>

APPENDIX III
FINANCIAL INFORMATION

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year	<u>808,456</u>	<u>684,208</u>	<u>613,119</u>
Other comprehensive income :			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	<u>9,594</u>	<u>26,852</u>	<u>(4,086)</u>
Other comprehensive income for the year, net of tax	<u>9,594</u>	<u>26,852</u>	<u>(4,086)</u>
Total comprehensive income for the year	<u>818,050</u>	<u>711,060</u>	<u>609,033</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company	<u>787,429</u>	<u>698,296</u>	<u>602,258</u>
Non-controlling interests	<u>30,621</u>	<u>12,764</u>	<u>6,775</u>
	<u>818,050</u>	<u>711,060</u>	<u>609,033</u>
Earning per Share			
Basic (<i>RMB cents</i>)	<u>9.35</u>	<u>8.18</u>	<u>7.22</u>
Diluted (<i>RMB cents</i>)	<u>9.28</u>	<u>7.86</u>	<u>6.86</u>
Dividend			
Dividends for ordinary shareholders of the Company recognised as distribution during the year	<u>208,851</u>	<u>190,971</u>	<u>149,673</u>
Dividend per Share (<i>HK cents</i>)	<u>0.03</u>	<u>0.025</u>	<u>0.02</u>
		As at 31st December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Consolidated Statement of Financial Position			
Total assets	24,035,412	19,528,281	19,892,437
Total liabilities	<u>16,481,931</u>	<u>13,033,779</u>	<u>13,923,236</u>
Total Equity	<u>7,553,481</u>	<u>6,494,502</u>	<u>5,969,201</u>
Share capital	77,499	72,412	73,652
Reserves	7,327,369	6,347,456	5,869,651
Total equity attributable to equity shareholder of the Company	7,404,868	6,419,868	5,943,303
Non-controlling interests	<u>148,613</u>	<u>74,634</u>	<u>25,898</u>
Total Equity	<u>7,553,481</u>	<u>6,494,502</u>	<u>5,969,201</u>

2. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the year ended 31 December 2021 together with the significant accounting policies and the relevant notes thereto is disclosed in the annual report of the Company for the year ended 31 December 2021 (pages 104 to 299), which was published on 1 April 2022 on the website of the Company (www.cnegroup.com) and the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0401/2022040104047.pdf>”

The audited consolidated financial statements of the Company for the year ended 31 December 2020 together with the significant accounting policies and the relevant notes thereto is disclosed in the annual report of the Company for the year ended 31 December 2020 (pages 103 to 299), which was published on 7 April 2021 on the website of the Company (www.cnegroup.com) and the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0407/2021040701680.pdf>”

The audited consolidated financial statements of the Company for the year ended 31 December 2019 together with the significant accounting policies and the relevant notes thereto is disclosed in the annual report of the Company for the year ended 31 December 2019 (pages 217 to 427), which was published on 29 April 2020 on the website of the Company (www.cnegroup.com) and the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042901834.pdf>”

The consolidated financial statements of the Company for each of the two years ended 31 December 2020 and 2021 were audited by KPMG. The consolidated financial statements of the Company for the year ended 31 December 2019 were audited by Deloitte Touche Tohmatsu.

None of KPMG and Deloitte Touche Tohmatsu issued any modified opinion, emphasis of matter or material uncertainty related to going concern on the aforesaid financial statements of the Company audited by them respectively.

In respect of the audited consolidated financial statements of the Company for each of the three years ended 31 December, 2019, 2020 and 2021, there were no items of income or expense which are material.

3. INDEBTEDNESS STATEMENT

As at 31 May 2022, 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 RMB1,223 million. Among these bank borrowings, there were (i) unsecured and guaranteed bank loans of approximately RMB465 million, and (ii) secured and guaranteed bank loans of approximately RMB758 million, which were secured by fixed assets with net carrying value of approximately RMB116 million, account receivables with carrying value of approximately RMB270 million and share capital with net carrying value of approximately RMB0.

Besides, the Group had outstanding finance leases from third parties of approximately RMB10,804 million, which was guaranteed by the Company and/or subsidiaries of the Company, and was secured by fixed assets with net carrying value of approximately RMB8,958 million, account receivables with carrying value of approximately RMB1,457 million and share capital with net carrying value of approximately RMB2,962 million. There was a contingent liability of RMB377 million, which was guaranteed by the Company and/or subsidiaries of the Company and was unsecured.

In addition, the Group had issued unsecured bonds guaranteed by the Company and/or subsidiaries of the Company to third parties of approximately RMB562 million.

Save as disclosed above and apart from intra-group liabilities, as at 31 May 2022, 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.

4. MATERIAL CHANGE

The Directors confirm that as at the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Company since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

5. FINANCIAL EFFECTS OF THE SHARE BUY-BACK

Basic earnings per Share

Assuming that the Share Buy-back had taken place on 1 January 2021 and the Disposal Shares of 449,000,000 Shares had been bought back in full and cancelled, the Share Buy-back would have resulted in an increase in the Group's basic earnings per Share of approximately 5.7% based on the audited consolidated income statement of the Company for the year ended 31 December 2021.

Net asset value per Share attributable to the Shareholders

Assuming that the Share Buy-back had taken place on 31 December 2021 and the Disposal Shares of 449,000,000 Shares had been bought back in full and cancelled, the Share Buy-back would have resulted in an increase in the consolidated net asset value per Share of approximately 1.40% based on the audited consolidated balance sheet of the Company as at 31 December 2021.

Total liabilities

The consideration for the Share Buy-back will be settled in cash and, as such, the Share Buy-back will not have an impact on the liabilities of the Group.

Working capital

As the consideration for the Share Buy-back will be settled in cash, there will be an impact on the working capital or gearing position of the Group in the amount of the cash consideration. Assuming that the Purchase Price equals to the Ceiling Price of HK\$0.728 per Share and the number of Buy-back Shares is 449,000,000, the cash payment for the Purchase Price represents approximately 7.73% of the cash and cash equivalents of the Group as at 31 December 2021. The Company considers that such impact will not have a material adverse effect on the working capital requirements of the Group or the gearing position which in the opinion of the Directors are from time to time appropriate for the Group.

Based on the above, the Company considers that the Proposed Share Buy-back will have a positive effect on the Group's net asset value per Share and basic earnings per Share, and will not have any material adverse effect on the Group's total liabilities or working capital.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2021, the Group continuously accelerated the progress of project development and construction, further increased its project reserves, maintained the stable growth of installed capacity, and continuously increased the power generation and profit from power generation. The Group continued to optimise its assets and further reduced the reliance on renewable energy subsidies to continuously increase the asset quality and achieve positive growth. The Group continued its aggressive development in the service business to seize market opportunities, strengthening its capabilities on the one hand and developing the market on the other, so to foster its core competitive advantages to actively develop service business such as intelligent O&M, financial leasing and design consultation in coordination with the capital market.

In 2021, the Group solidarily to complete key operational tasks, further strengthened its inventory of assets and achieved good results. The Group's key operating indicators, including net profit, net assets, return on net assets, attributable power generation and new capacity commissioned, all demonstrated growth, with lower levelised cost of electricity as compared with last year. The achievement of these operating results has enhanced the core competitiveness of the Group and consolidated the foundation for development.

Despite the impact of the pandemic in various places and numerous obstacles encountered by the construction projects, the Group's installed capacity of wind and photovoltaic power still achieved significant growth over the year and the scale of newly installed capacity of wind power far exceeded expectations. The scale of the Group's projects under construction reached a new high, with a total construction capacity of 1,833.5MW. In 2021, 13 new power plants with a total installed capacity of 873.5MW, including 10 wind power projects (633.5MW in total) and 3 photovoltaic projects (240MW in total), were commissioned during the reporting period, all of which were the Group's subsidiary-owned projects. Eight projects with a total construction target of 941MW were obtained in seven provinces in China.

In 2021, with the global consensus on carbon emission control and the establishment of China's 30 · 60 double carbon target, the transition from fossil energy to clean energy has accelerated. The global renewable energy industry continues to flourish, and the gradual replacement of fossil energy by renewable energy has become an unstoppable trend. The policies and environment for China's renewable energy industry have further improved, including: bank lending policies which further tilted towards wind and photovoltaic power projects; the national grid was able to take active, positive measures to accept grid connections of wind and photovoltaic power; continuous advancements in wind power and photovoltaic power technologies; the government's active promotion of nationwide electricity market transactions; prices of major equipment dropped significantly, component prices fluctuated significantly and entered a stage of price reduction in the fourth quarter.

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

In 2022, the Group will actively explore new areas of development while maintaining the sustainable development of its main business.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange (i) at the end of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share <i>HK\$</i>
31 December 2021	0.82
31 January 2022	0.75
28 February 2022	0.73
31 March 2022	0.73
30 April 2022	0.73
31 May 2022	0.78
Last Trading Day (i.e. 20 June 2022)	0.73
30 June 2022	0.78
Latest Practicable Date (i.e. 15 July 2022)	0.74

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.79 on 8 April 2022 and 4 July 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.62 on 15 March 2022.

3. 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 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 set out in Appendix 10 to 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/Trust		
Liu Shunxing	35,000,000 ⁽¹⁾	—	1,704,494,242 ⁽¹⁾	1,739,494,242	20.34
Liu Jianhong	29,710,000 ⁽²⁾	—	150,000,000 ⁽²⁾	179,710,000	2.10
Gui Kai	15,600,000 ⁽³⁾	—	—	15,600,000	0.18
Niu Wenhui	16,000,000 ⁽³⁾	—	—	16,000,000	0.19
Zhai Feng	4,000,000 ⁽³⁾	—	—	4,000,000	0.05
Shang Jia	8,000,000 ⁽³⁾	—	—	8,000,000	0.09
Yap Fat Suan, Henry	3,000,000 ⁽³⁾	—	—	3,000,000	0.04
Jesse Zhixi Fang	2,800,000 ⁽³⁾	—	—	2,800,000	0.03
Huang Jian	2,800,000 ⁽³⁾	—	—	2,800,000	0.03
Zhang Zhong	2,800,000 ⁽³⁾	—	—	2,800,000	0.03

Notes:

- (1) As at the Latest Practicable Date: (i) 1,002,877,155 Shares were held by CWPI and 701,617,087 Shares were held by Splendor Power Limited; (ii) CWPI was wholly-owned by Permanent Growth Limited; (iii) 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; (iv) Mr. Liu Shunxing had interest in 29,000,000 Shares as beneficial owner under the SFO; and (v) Mr. Liu Shunxing was deemed to have interest as beneficial owner under the SFO in respect of 6,000,000 Shares granted to him under the Share Award Scheme, which was held by the Trustee pending such Shares having been vested unto him.
- (2) As at the Latest Practicable Date: (i) 150,000,000 Shares were held by a discretionary trust for which Ms. Liu Jianhong was the founder and settlor; (ii) Ms. Liu Jianhong had interest in 25,210,000 Shares as beneficial owner under the SFO; and (iii) Ms. Liu Jianhong was deemed to have interest as beneficial owner under the SFO in respect of 4,500,000 Shares granted to her under the Share Award Scheme, which was held by the Trustee pending such Shares having been vested unto her.
- (3) As at the Latest Practicable Date, the Director was deemed to have interest under the SFO in respect of such number of the Shares conditionally granted to him/her under the Share Award Scheme as mentioned in the announcement of the Company dated 15 October 2021.

(ii) Directors' other interests

- (a) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2021, 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 were proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As at 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 significant in relation to the business of the Group.
- (c) As at 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 being the directors of China Wind Power Investment Limited and Permanent Growth Limited, and Mr. Liu being a director of Splendor Power Limited, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. PUBLIC FLOAT

The Company intends to maintain its listing on the Stock Exchange and to continue to meet the public float requirements under Rule 8.08 of the Listing Rules. It is expected that the Company will meet the said public float requirement after completion of the Proposed Share Buy-back.

5. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 8,975,469,158 Shares; and
- (b) there were no outstanding warrants, options or securities convertible into Shares.

The authorised share capital of the Company comprises 12,500,000,000 Shares. All of the Shares in issue rank pari passu in all respects, including as to capital, dividends and voting.

6. SHARE ISSUANCE AND BUY-BACK

During the 2-year period immediately preceding the date of the Announcement, the Company issued Shares as set out below:

Date of issue	No. of Shares issued	Issue price per Share (HK\$)	Proceeds received by the Company (HK\$)
21 April 2022	57,600,000 ^(Note 1)	0.01	576,000
23 December 2021	93,627,600 ^(Note 2)	0.5	46,813,800
26 November 2021	93,480,000 ^(Note 2)	0.5	46,740,000
	127,472,727 ^(Note 2)	0.55	70,109,999.85
	117,016,666 ^(Note 2)	0.6	70,209,999.6
6 October 2021	93,397,200 ^(Note 2)	0.5	46,698,600
1 September 2021	93,480,000 ^(Note 2)	0.5	46,740,000

Notes:

- (1) 57,600,000 Shares were issued pursuant to the Share Award Scheme.
- (2) These Shares were issued pursuant to the conversion of the Convertible Loan mentioned below. On 28 December 2017, the Company entered into a convertible loan agreement with the International Finance Corporation (“IFC”), pursuant to which the IFC lent to the Company the convertible loan in the principal amount of HK\$233,800,000 consisting of three tranches (the “Convertible Loan”), and the IFC had the right to convert any part of the outstanding principal amount of the Convertible Loan into Shares at a conversion price of (i) HK\$0.5 per Share for the 1st tranche; (ii) HK\$0.55 per Share for the 2nd tranche; and (iii) HK\$0.6 per Share for the 3rd tranche.

During the 12 months immediately preceding the date of this circular, the Company bought back Shares as set out below:

Date of repurchase	No. of Shares	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)
18 March 2022	1,100,000	0.69	0.69
17 March 2022	6,260,000	0.69	0.68
16 March 2022	10,180,000	0.69	0.66
15 March 2022	17,310,000	0.68	0.62
14 March 2022	3,890,000	0.69	0.67
31 December 2021	1,930,000	0.81	0.80
30 December 2021	2,650,000	0.84	0.83
29 December 2021	5,760,000	0.82	0.82
30 November 2021	9,370,000	0.79	0.77
29 November 2021	9,010,000	0.74	0.74

There was no reorganization of the capital of the Company during the two financial years preceding the date of the Announcement.

7. DIVIDENDS

The frequency and amount of dividends that have been paid out by the Company to the Shareholders during the two-year period immediately preceding the date of this circular are as follows:

- (a) the final dividend for the year ended 31 December 2020 was HK\$0.03 per Share, which was paid on or about 22 June 2021; and
- (b) the final dividend for the year ended 31 December 2019 was HK\$0.025 per Share, which was paid on or about 30 June 2020.

The final dividend for the year ended 31 December 2021 was HK\$0.03 per Share, which is expected to be paid on or about 29 July 2022 to those Shareholders whose names appear on the register of members of the Company on the record date of 12 July 2022. Hence, the Buy-back Shares will not be entitled to the final dividend for the year ended 31 December 2021. The Company's ability to pay dividends depends on, among other things, the Group's general business conditions, the Group's financial results, the Group's capital requirements, and any other factors which the Board may deem relevant. At present, the Company has no plan or intention to alter its present dividend policy or to declare any dividend.

8. MATERIAL CONTRACT

The following contract, not being a contract entered into in the ordinary course of business, was entered into by the Group within the two years preceding the date of the Announcement and was material:

- On 8 September 2020, the Company commenced (i) the exchange offer with respect to the Company's then 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. As a result, the Company issued the New Notes with an aggregate principal amount of US\$90,000,000, comprising US\$83,448,000 principal amount of New Notes issued under the said exchange offer, and US\$6,552,000 principal amount of additional New Notes issued under the said concurrent offering. Please refer to the announcements of the Company dated 8, 9, 10, 18 and 25 September 2020 for details.

9. 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.

10. 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)).

11. 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 a company secretary for listed companies.

12. EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Maxa Capital	a licensed corporation permitted under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in the promotion of, or in any assets which have been, since 31 December 2021 (being the date to which the latest published audited consolidated 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.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name and/or its opinion and advice in the form and context in which it is included.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are displayed (i) on the website of the SFC at www.sfc.hk; and (ii) on the website of the Company at www.cnegroup.com from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual report of the Company for the year ended 31 December 2020;
- (c) the annual report of the Company for the year ended 31 December 2021;
- (d) the letter from the Board, the text of which is set out on pages 6 to 17 of this circular;
- (e) the letter from the Independent Board Committee, the text of which is set out as appendix I to this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out as appendix II to this circular;

- (g) the written consent given by the expert as referred to in the paragraph headed “Expert Qualification and Consent” in this appendix; and
- (h) the exchange offer memorandum dated 17 September 2020 relating to the exchange offer mentioned in the paragraph headed “Material Contract” in this appendix.

14. MISCELLANEOUS

The Company’s Hong Kong branch share registrar and transfer office is Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

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

NOTICE OF SGM



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 (the “**SGM**”) of Concord New Energy Group Limited (the “**Company**”) will be held at 10:00 a.m. on Monday, 15 August 2022 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong to consider and, if thought fit, pass the following special resolution of the Company:

SPECIAL RESOLUTION

“**THAT:**

- (a) subject to the fulfilment of all the Conditions (as hereinafter defined), the Proposed Share Buy-back (as defined in the circular of the Company dated 20 July 2022 (the “**Circular**”)) be and is hereby approved, confirmed and authorised;
- (b) subject to the fulfilment all the Conditions, the Directors (or a duly authorised person thereof) of the Company be and are hereby authorised to take all such steps to implement and give effect to the Proposed Share Buy-back and the transactions contemplated thereunder (including but not limited to the giving of the Expression of Interest (as defined in the Circular) specifying therein such number of the Buy-back Shares (as defined in the Circular), such amount of the Buy-back Price (as defined in the Circular) and such date and time of the Completion Time (as defined in the Circular) as the Directors may in their absolute discretion think fit), and the execution of all documents or deeds as they may consider necessary or appropriate in relation thereto and the making of any changes, modifications, amendments, waivers, variations or extensions of such terms and conditions) as they may in their absolute discretion think fit; and
- (c) for the purposes of this resolution, all the approvals hereunder shall lapse and cease to have any effect if any of the following conditions (the “**Conditions**”) is not or does not remain to be fulfilled:
 - (i) the approval by the Executive (as defined in the Circular) of the Proposed Share Buy-back under the Share Buy-backs Code (as defined in the Circular) (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;

* *For identification purposes only*

NOTICE OF SGM

- (ii) the independent financial adviser to the Independent Board Committee (as defined in the Circular) confirming that the Proposed Share Buy-back is fair and reasonable so far as the Independent Shareholders (as defined in the Circular) are concerned;
- (iii) the Buy-back Price shall not exceed the Ceiling Price (as defined in the Circular); and
- (iv) the Completion Time (as defined in the Circular) shall not be later than the Longstop Date (as defined in the Circular).”

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

Hong Kong, 20 July 2022

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 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 (i.e. 10:00 a.m. on Saturday, 13 August 2022) 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 7:00 a.m. on Monday, 15 August 2022, 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.