
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Concord New Energy Group Limited

協合新能源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 182)

MAJOR TRANSACTION DISPOSAL OF COMPANY AND NOTICE OF SPECIAL GENERAL MEETING

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

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

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

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

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

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

* *For identification purposes only*

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

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

- (i) Compulsory body temperature checks will be conducted on every attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue.
- (ii) All attendees may be asked whether 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:

“Aggregated Transactions”	the transactions contemplated under the Previous Disposal Agreements and the Disposal Agreement;
“Applicable Percentage Ratio”, “connected person(s)” and “subsidiary(ies)”	have the meanings ascribed to them under the Listing Rules;
“Beijing Bainian”	Beijing Bainian Yihao New Energy Technology Development Co., Ltd.* (北京百年億豪新能源技術開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this circular;
“Board”	board of Directors;
“Bozhou Century Concord”	Bozhou City Century Concord Solar Power Co., Ltd.* (亳州市協合太陽能發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Beijing Bainian;
“Century Concord Wind Power”	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Completion”	the registration of the industrial and commercial change for the Disposal with the relevant governmental authority;
“Company”	Concord New Energy Group Limited (協合新能源集團有限公司*) (stock code: 182), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange;
“Consideration”	the consideration payable by the Purchaser for the purchase of the Sale Share;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share by Yinhua Century Concord to the Purchaser;

* *For identification purposes only*

DEFINITIONS

“Disposal Agreement”	the disposal agreement dated 19 July 2021 (as supplemented) entered into between Yinhua Century Concord, the Purchaser, Beijing Bainian, Bozhou Century Concord and Century Concord Wind Power for the Disposal;
“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 PRC;
“Latest Practicable Date”	24 August 2021, 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;
“MW”	megawatt;
“PRC”	the People’s Republic of China, which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Previous Disposal Agreements”	the disposal agreements mentioned in the paragraph headed “Previous Disposal Agreements” in the “Letter from the Board” in this circular;
“Purchaser”	China Three Gorges Renewables (Group) Co., Ltd. * (中國三峽新能源(集團)股份有限公司), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	the 100% shareholding interest in Beijing Bainian;
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Thursday, 16 September 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the Shareholders to consider and, if thought fit, approve, among other things, the Disposal Agreement and the transactions contemplated thereunder;
“Shareholder(s)”	holder(s) of the shares of the Company;

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DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yinhua Century Concord”	Yinhua Century Concord New Energy Investment Co., Ltd.* (銀華協合新能源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

For the purposes of this circular, an exchange rate of HK\$1.00 = RMB0.83 has been used for currency translation. Such exchange rate is for illustration purposes only and does not constitute any representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

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LETTER FROM THE BOARD



Concord New Energy Group Limited

協合新能源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 182)

Executive Directors:

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

Non-executive Director:

Mr. Wang Feng

Independent non-executive Directors:

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

Registered Office:

Clarendon House
2 Church Street
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

30 August 2021

To the Shareholders:

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF COMPANY
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 July 2021 in relation to the Disposal Agreement between Yinhua Century Concord, the Purchaser and certain subsidiaries of the Company. The purposes of this circular is to provide you with: (i) further information on the transactions contemplated under the Disposal Agreement and other information of the Group to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the SGM and (ii) the notice of the SGM.

The Board is pleased to announce that after trading hours on 19 July 2021, Yinhua Century Concord, the Purchaser and certain subsidiaries of the Company entered into the Disposal Agreement with the Purchaser for the Disposal. Details of the Disposal and the principal terms of the Disposal Agreement are set out below.

* For identification purposes only

LETTER FROM THE BOARD

DISPOSAL AGREEMENT

- Date : 19 July 2021
- Parties : (i) Yinhua Century Concord as the seller;
- (ii) China Three Gorges Renewables (Group) Co., Ltd.* (中國三峽新能源(集團)股份有限公司) as the purchaser;
- (iii) Beijing Bainian and Bozhou Century Concord as the covenantors to undertake to assist in the completion of the Disposal Agreement; and
- (iv) Century Concord Wind Power as the guarantor in respect of certain obligations of Yinhua Century Concord as set out below.
- Subject matter : Sale Share, representing the 100% interest in Beijing Bainian. Beijing Bainian wholly owns Bozhou Century Concord, which operates the 99.95 MW wind power plant project (the “**Project I**”) and a 49.75 MW wind power plant project (the “**Project II**”) in Bozhou City, Anhui Province, the PRC. The power plants of the Project I and the Project II (collectively the “**Projects**”) have been constructed and connected to the power grid.

All amounts owed by Beijing Bainian and Bozhou Century Concord to Yinhua Century Concord and its affiliates (the “**Debts**”) shall be repaid within 60 working days after Completion. As at 31 March 2021, the net Debts amounted to approximately RMB216.17 million (approximately HK\$260.45 million).

As at the date of this circular, Century Concord Wind Power has given a guarantee (the “**Guarantee**”) in favour of Everbright Financial Leasing Co., Ltd.* (光大金融租賃股份有限公司) (the “**Financier**”), which is an independent third party, for the debts owed by Bozhou Century Concord to the Financier amounting to approximately RMB1,060.79 million (approximately HK\$1,278.11 million) as at 30 June 2021. It will be arranged for the release of the Guarantee after Completion. In the event that the Guarantee fails to be released within 4 months from Completion, the Purchaser or Bozhou Century Concord shall pay a guarantee fee to Century Concord Wind Power, which is equal to (i) the amount of debt subject to the Guarantee multiplied by (ii) the number of days between Completion and the release of the Guarantee divided by 365 multiplied by (iii) 2%. The said guarantee fee calculated based on a rate of 2% was determined after arm’s length negotiation between Yinhua Century Concord and the Purchaser with reference to the market rates of guarantee fee ranging from 1.5% to 4.0% as identified by Yinhua Century Concord and the creditworthiness and the financial position of the Purchaser as mentioned below. In view of the fact that the Purchaser is willing to pay the market rate of guarantee fee as mentioned above, the Board considers that the said guarantee fee is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The guarantee fee shall be paid within 10 working days after the release of the Guarantee.

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LETTER FROM THE BOARD

Consideration

The Consideration payable by the Purchaser for the purchase of the Sale Share shall be approximately RMB471.88 million (approximately HK\$568.53 million) subject to adjustment within a range from approximately RMB471.88 million (the “**Maximum Consideration**”) to approximately RMB291.97 million (approximately HK\$351.77 million) (the “**Minimum Consideration**”) as set out below. The Consideration was arrived at after arm’s length negotiation between Yinhua Century Concord and the Purchaser. For the determination of the Consideration, the Company took a totality approach to evaluate all the relevant factors individually and collectively, which was not a scientific methodology involving the allocation of specific weighting percentages to each of such factors. The factors which the Company had primarily considered in determining the Consideration include the following: (i) the financial position of Beijing Bainian (such as the net asset value of Bozhou Century Concord as at 31 December 2020 of approximately RMB240 million (audited) and as at 31 March 2021 of approximately RMB241.96 million (audited)); (ii) the past business performance of Bozhou Century Concord and its future business prospects (including the possible receipts of government subsidies for the power generation capacity of the Projects (The Group estimates that if there is no material change in the current government subsidy policy and market environment, the total amount of the subsidies from the Projects will be ranging from approximately RMB26 million to RMB70 million each year for a period of approximately 15 years. The said range of subsidies is one of the factors that the Group has considered in determining the future business prospects of Beijing Bainian and the amount of the selling price for Beijing Bainian.)); (iii) the expected market price of the Projects as estimated by the Company based on the Company’s experience in the investment, appraisal and disposal of renewable energy projects; and (iv) the reasons and benefits set out in the section headed “Reasons for and Benefits of the Disposal” below. In view of the foregoing, the Board considers that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Payment and Completion

The Consideration shall be paid by the Purchaser to Yinhua Century Concord by instalment in cash in the following manner:

1. within 5 working days after Completion, the 1st instalment of the Consideration of approximately RMB235.9 million shall be paid, which is expected to be around late September 2021;
2. within 5 working days after the transfer confirmation having been signed by the Purchaser and Yinhua Century Concord, the 2nd instalment of the Consideration of approximately RMB120.9 million shall be paid, which is expected to be around early October 2021;
3. within 5 working days after the fulfillment of the following conditions, the 3rd instalment of the Consideration of RMB5 million shall be paid, which is expected to be around end of June 2022:
 - (a) certain evaluation and acceptance procedures in relation to the Projects having been completed;

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- (b) certain title and approval documents in relation to the lands where the Projects are situated having been obtained;
 - (c) the construction land use planning permit for the Project I and the commencement of construction work permit for the Project II having been obtained;
 - (d) certain safety compliance and acceptance procedures for the Projects having been completed;
 - (e) the completion and settlement of construction works of the Projects having been completed; and
 - (f) the special audit for the transitional period between 31 March 2021 and the date of Completion having been completed and confirmed by the Purchaser and Yinhua Century Concord;
4. within 5 working days after the fulfillment of the following conditions, the 4th instalment of the Consideration of RMB3 million shall be paid, which is expected to be around December 2022:
- (a) certain water conservation acceptance procedures of the Project II having been completed; and
 - (b) certain ratification in relation to invoices of Beijing Bainian and Bozhou Century Concord having been completed; and
5. within 5 working days after the obtaining of documentary evidence confirming that there being no material breach of laws relating to the lands of Bozhou Century Concord, the 5th instalment of the Consideration of RMB2 million shall be paid, which is expected to be around December 2022.

The total of the above 5 instalments of the Consideration is approximately RMB366.88 million (approximately HK\$442.02 million). The 6th instalment of the Consideration will be adjusted in accordance with the actual amount of the governmental subsidy approved by the relevant PRC authority for the Project I. The amount to be adjusted includes (1) the final amount of the 6th instalment of the Consideration payable by the Purchaser to Yinhua Century Concord or (2) the amount of Consideration refundable by Yinhua Century Concord to the Purchaser, which will be determined in the accordance with the following formulas:

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- (i) if the amount of the power generation capacity of the Project I (the “**Subsidised Capacity**”) being greater than 38.1853 MW for which the governmental subsidy having been obtained on or before 31 December 2022, the final amount of the 6th instalment of the Consideration payable by the Purchaser to Yinhua Century Concord shall be adjusted based on the following formula:

$$P = \text{RMB105 million} - (99.95\text{MW} - \text{Subsidised Capacity}) \times A$$

Note:

“P” means the final amount of the 6th instalment of the Consideration.

“A” means: (a) in the case of the Subsidised Capacity being greater than 38.1853MW but smaller than 50MW, RMB1.7 million per MW; (b) in the case of the Subsidised Capacity being not smaller than 50MW, RMB1.1 million per MW.

- (ii) if the Subsidised Capacity being smaller than 38.1853MW for which the governmental subsidy having been obtained on or before 31 December 2022, the amount of the 6th instalment of the Consideration shall be reduced to zero and the amount of the Consideration to be refunded to the Purchaser by Yinhua Century Concord shall be determined based on the following formula:

$$R = (99.95\text{MW} - \text{Subsidised Capacity}) \times B - \text{RMB105 million}$$

Note:

“R” means the amount of the Consideration to be refunded.

“B” means: (a) in the case of the Subsidised Capacity being not smaller than 18.4MW but smaller than 38.1853MW, RMB1.7 million per MW; (b) in the case of the Subsidised Capacity being smaller than 18.4MW, RMB1.8 million per MW.

- (iii) if the Subsidised Capacity is not obtained before 31 December 2022, Yinhua Century Concord shall refund RMB74.91 million of the Consideration to the Purchaser within 30 working days upon demand by the Purchaser, and after the Subsidised Capacity has been obtained, the Purchaser shall pay further part payment of the Consideration to Yinhua Century Concord for an amount to be determined based on the following formula:

$$\text{“FP”} = \text{RMB179.91 million} - (99.95\text{MW} - \text{Subsidised Capacity}) \times C$$

Note:

“FP” means further part payment of the Consideration.

“C” means: (a) in the case of the Subsidised Capacity being smaller than 18.4MW, RMB1.8 million per MW; (b) in the case of the Subsidised Capacity being not smaller than 18.4MW but smaller than 50MW, RMB1.7 million per MW; (c) in the case of the Subsidised Capacity being not smaller than 50MW, RMB1.1 million per MW.

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99.95MW mentioned in the above formulas represents the designed power generation capacity of the Project I. The government subsidy for the Subsidised Capacity for the Project I (if any) is RMB0.1856 per kilowatt hour. The amounts of RMB1.1 million per MW, RMB1.7 million per MW and RMB1.8 million per MW mentioned in the above formulas (the “**Adjustment Rates**”) are determined based on arm’s length negotiation between the Purchaser and Yinhua Century Concord on the basis that (i) if the Subsidised Capacity obtained for the Project I equals to the total power generation capacity of the Project I of 99.95MW, the final amount of the Consideration shall be the Maximum Consideration; (ii) if no Subsidised Capacity is obtained for the Project I, the final amount of the Consideration shall be the Minimum Consideration; (iii) if the Subsidised Capacity obtained for the Project I is between zero to 99.95 MW, the final Consideration shall be an amount within the range of the Minimum Consideration and the Maximum Consideration to be determined based on the actual amount of the Subsidised Capacity obtained and the Adjustment Rates; (iv) the maximum Adjustment Rate of RMB1.8 million per MW was determined by dividing (a) the difference between the Maximum Consideration and the Minimum Consideration of approximately RMB179.91 million by (b) the said total power generation capacity of 99.95MW; and (v) to incentivize Yinhua Century Concord to obtain a higher Subsidised Capacity, the more favourable Adjustment Rates of RMB1.7 million per MW and RMB1.1 million per MW, which was determined after arm’s length negotiation between the Purchaser and Yinhua Century Concord with reference to the purchase prices offered by other prospective buyers of Beijing Bainian and the amount of the Adjustment Rates proposed by such prospective buyers, will apply if the Subsidised Capacity obtained is more than 18.4MW. In view of the foregoing, the Board considers that the Adjustment Rates are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In order to encourage the development of renewable power plant projects, the PRC government will provide government subsidies for such projects payable to those companies holding such projects (i.e. Bozhou Century Concord in the case of the Projects). According to the relevant government regulation, onshore wind power plants approved before the end of 2018 need to be connected to the power grid before the end of 2020 in order to enjoy government subsidies. The power plant companies will report to the power grid companies about the time of connection of the power plants and the power generation capacities of the power plants for the power grid companies to verify and approve. According to the said regulation, the time of connection of the power plants may be deemed to be any one of the following: (i) the promised connection time for the full power generation capacity of a power plant; (ii) the connection time stipulated by the electricity business licence; (iii) the connection time specified in the relevant grid-connection dispatching agreement; or (iv) if the average utilization hours during the 12-month period from the promised time for the connection of the full power capacity of the power plant reaches not less than 50% of the average annual utilization hours in similar areas, even if the actual connection time does not fall into any of the above three categories, the connection time can still be deemed to be the promised connection time for the full power generation capacity. Both the Purchaser and Yinhua Century Concord consider that the Project II is certainly entitled to the government subsidy for its total power generation capacity. However, the Purchaser is not very certain about whether the Project I fulfils the said criteria and will need more time to determine. Hence, the Purchaser and Yinhua Century Concord have agreed with the adjustment to the Consideration based on the amount of the Subsidised Capacity for the Project I as mentioned above. No adjustment is needed for the government subsidy for the Project II. If no adjustment to the Consideration is required, the final amount of the 6th instalment of the Consideration will be RMB105 million (approximately HK\$126.51 million).

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The final amount of the 6th instalment of the Consideration or the refund of the Consideration shall be paid within 30 working days after the receipt of the approved subsidy in respect of the Subsidised Capacity. The Purchaser is a company listed on the Shanghai Stock Exchange in June 2021 and is the strategic implementation entity of the new energy business of China Three Gorges Corporation* (中國長江三峽集團有限公司), which is a central enterprise owned by the Central Government of the PRC. According to the published financials of the Purchaser, (i) the total asset and net asset of the Purchaser as at 31 December 2020 were approximately RMB140 billion and RMB46.4 billion respectively; and (ii) the net profit of the Purchaser for the year ended 31 December 2020 was approximately RMB4.3 billion. For those previous disposals of power plant projects by the Group to the Purchaser, the Purchaser had duly discharged its obligations under the agreements for the said disposals. In view of the strong background of the Purchaser and the foregoing, the Company believes that the Purchaser will be able and willing to fulfil the said obligation to pay the said the 6th instalment of the Consideration. Under the Disposal Agreement, Century Concord Wind Power acts as the guarantor of Yinhua Century Concord in favour of the Purchaser in respect of Yinhua Century Concord's obligation to refund any part of the Consideration as mentioned above (if any).

Upon Completion, the Company will cease to have any interest in Beijing Bainian and Bozhou Century Concord.

Condition Precedent

The Disposal Agreement shall not take effect until the obtaining of the approval by the Shareholders at the SGM. If the Shareholders do not approve the Disposal Agreement at the SGM, the Disposal Agreement will have no legal effect at all, and will thus not be binding against the parties under the PRC laws.

INFORMATION ON BEIJING BAINIAN AND BOZHOU CENTURY CONCORD

Beijing Bainian and Bozhou Century Concord were established as limited liability companies in the PRC on 14 March 2008 and 26 February 2016 respectively. Beijing Bainian does not have any material assets or liabilities apart from the holding of the 100% interest in Bozhou Century Concord. For the year ended 31 December 2020, the unaudited consolidated losses (before and after taxation) of Beijing Bainian were approximately RMB5,620 and RMB5,620 respectively. For the year ended 31 December 2019, the unaudited consolidated losses (before and after taxation) of Beijing Bainian were approximately RMB6,169 and RMB6,169 respectively. The unaudited consolidated net asset value of Beijing Bainian as at 31 December 2020 was approximately RMB0.97 million (approximately HK\$1.17 million). Bozhou Century Concord did not have any profit or loss (before and after taxation) for the two years ended 31 December 2020. The audited net asset value of Bozhou Century Concord as at 31 December 2020 and as at 31 March 2021 were approximately RMB240 million (approximately HK\$289.16 million) and RMB241.96 million (approximately HK\$291.52 million) respectively.

The Company estimates that the excess of the Consideration over the audited net asset value of Beijing Bainian as at 31 March 2021 will be an amount between approximately RMB48.26 million (approximately HK\$58.14 million) and approximately RMB228.17 million (approximately HK\$274.90 million) depending on the amount of the final Consideration. The audited net asset value of Beijing Bainian as at 31 March 2021 was approximately RMB243.71 million.

* *For identification purposes only*

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal will generate a total cash inflow to the Group (comprising the Consideration and the net Debts of approximately RMB216.17 million) of around (i) approximately RMB688.05 million (approximately HK\$828.98 million) based on the Maximum Consideration of approximately RMB471.88 million; and (ii) approximately RMB508.14 million (approximately HK\$612.22 million) based on the Minimum Consideration of approximately RMB291.97 million. The proceeds generated from the Disposal will be used as general working capital to finance the business operation and activities of the Group within its ordinary course of business, including the purchase of wind and photovoltaic power equipment. The Company estimates that it will recognise a total unaudited gain from the Disposal of an amount between approximately RMB48.26 million (approximately HK\$58.14 million) and approximately RMB228.17 million (approximately HK\$274.90 million) depending on the amount of the final Consideration, being the amount equal to the difference between the final Consideration and the net asset value of Beijing Bainian on 31 March 2021. The actual gain arising from the Disposal to be recorded is subject to audit.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has adopted a “build and transfer” strategy, whereby the Group transfers some of the power plants built or operated by it, especially its interests in those power plants with subsidies, in order to receive transfer revenue and cash. The Directors consider that the “build and transfer” strategy enhances the Group’s cash flow, reduces the debt ratio and allows the Group to fully capitalise its strengths in wind and solar power resources development and construction, and ensure the Company’s sustainable, sound and rapid development. The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL INFORMATION

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 wind and solar power generation projects.

Yinhua Century Concord is a wholly-owned subsidiary of the Company and is principally engaged in the investment and operation of wind and solar power generation projects in the PRC.

Beijing Bainian is a wholly-owned subsidiary of the Company as at the date of this circular and does not engage in any business apart from the holding of the 100% interest in Bozhou Century Concord. Bozhou Century Concord is principally engaged in the operation of and construction of the Project I and the Project II.

Century Concord Wind Power is a wholly-owned subsidiary of the Company and is principally engaged in the investment and operation of wind power generation projects in the PRC.

The Purchaser is principally engaged in the development and investment in wind, solar power, small and medium-sized hydro power generation. Insofar as the Company is aware, as at the date of this circular, the Purchaser is a company listed on the Shanghai Stock Exchange (stock code: 600905).

LETTER FROM THE BOARD

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

PREVIOUS DISPOSAL AGREEMENTS

As set out in the announcement of the Company dated 28 September 2020 (the “**Previous Announcement**”), (i) Yongzhou Jiepai (as defined in the Previous Announcement) and the Purchaser entered into (the “**Yongzhou Disposal Agreement**”), pursuant to which Yongzhou Jiepai sold to the Purchaser the 100% interest in each of Nanzhao Century Concord (as defined in the Previous Announcement), Huize Century Concord (as defined in the Previous Announcement) and Huize Taihe (as defined in the Previous Announcement) at the consideration of RMB453.76 million (approximately HK\$515.64 million); and (ii) Yinhua Century Concord and the Purchaser entered into (the “**Yinhua Disposal Agreement**”), pursuant to which Yinhua Century Concord sold to the Purchaser the 100% interest in each of Pingyuan County Century Concord (as defined in the Previous Announcement) and Haixing Century Concord (as defined in the Previous Announcement) at the consideration of RMB122.05 million (approximately HK\$138.69 million). The registration of the industrial and commercial change with the relevant governmental authority for the transfers under the Yongzhou Disposal Agreement and the Yinhua Disposal Agreement has taken place.

On 6 July 2021, Hebei Youhua New Energy Development Co., Ltd.* (河北優華新能源開發有限公司), being a wholly-owned subsidiary of the Company, the Purchaser and Kangbao Century Concord Xuwulin Wind Power Co., Ltd.* (康保協合徐五林風力發電有限公司) entered into an agreement (as supplemented) (the “**Kangbao Disposal Agreement**”), pursuant to which Hebei Youhua New Energy Development Co., Ltd.* (河北優華新能源開發有限公司) sold to the Purchaser the 100% interest in Kangbao Century Concord Xuwulin Wind Power Co., Ltd.* (康保協合徐五林風力發電有限公司) at the consideration of approximately RMB82.16 million (approximately HK\$98.99 million). The registration of the industrial and commercial change with the relevant government authority for the transfer under the Kangbao Disposal Agreement has taken place.

On 6 July 2021, Century Concord Wind Power, the Purchaser and Wuwei Century Concord Solar Power Co., Ltd.* (武威協合太陽能發電有限公司) entered into an agreement (as supplemented) (the “**Wuwei Disposal Agreement**”), pursuant to which Century Concord Wind Power sold to the Purchaser the 100% interest in Wuwei Century Concord Solar Power Co., Ltd.* (武威協合太陽能發電有限公司) at the consideration of approximately RMB10.84 million (approximately HK\$13.06 million). The registration of the industrial and commercial change with the relevant government authority for the transfer under the Wuwei Disposal Agreement has taken place.

The previous disposals as set out above in this section headed “Previous Disposal Agreements” had a total cash inflow of approximately RMB1,140 million (approximately HK\$1,373.49 million), comprising the purchase prices and the net debts owed to the Group by the companies sold under the Previous Disposal Agreements. The said total proceeds have been used and will be used to finance the business operation and activities of the Group within its ordinary course of business, including the purchase of wind and photovoltaic power equipment, and the related auxiliary facilities.

* *For identification purposes only*

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As the highest Applicable Percentage Ratio for the Disposal Agreement is more than 5% but less than 25%, the entering into the Disposal Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules. As the Previous Disposal Agreements were completed within a 12-month period before the date of the Disposal Agreement, the Aggregated Transactions shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 25% but less than 75%. Hence, the Aggregated Transactions on an aggregated basis constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and the Disposal Agreement is thus subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Disposal Agreement and is required to abstain from voting on the resolution at the SGM.

SPECIAL GENERAL MEETING

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

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

RECOMMENDATION

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND THE SIX MONTHS ENDED 30 JUNE 2021

Consolidated financial information of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnegroup.com) respectively:

- Interim Report 2021 (page 59 to 98):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0819/2021081900229.pdf>
- Annual Report 2020 (pages 94 to 300):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0407/2021040701680.pdf>
- Annual Report 2019 (pages 208 to 428):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042901834.pdf>
- Annual Report 2018 (pages 175 to 399):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0325/ltn201903251186.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 31 July 2021, being the latest practicable date for ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had outstanding bank borrowings of approximately RMB834.18 million. Among these bank borrowings, there were (i) unsecured and guaranteed bank loans of approximately RMB172.62 million, and (ii) secured and guaranteed bank loans of approximately RMB661.57 million, which were secured by fixed assets with net carrying value of approximately RMB395.61 million, account receivables with carrying value of approximately RMB386.41 million and share capital with net carrying value of approximately RMB0.

Besides, the Group had outstanding finance leases from third parties of approximately RMB8,481.76 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 RMB7,054.63 million, account receivables with carrying value of approximately RMB1,128.74 million and share capital with net carrying value of approximately RMB2,278.57 million. There was a contingent liability of RMB399.47 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 RMB996.65 million.

Save as aforesaid and apart from intra-group liabilities, as at 31 July 2021, the Group did not have any other outstanding mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance creditors, or guarantees or other contingent liabilities.

3. WORKING CAPITAL

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

4. MATERIAL ADVERSE CHANGE

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

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In the first half of 2021, the Group grasped its strategic positioning, firmed confidence, focused closely on its annual objectives and comprehensively promoted various tasks such as safety production, engineering construction, project development, asset optimization, business synergy, operation management and risk prevention, etc. The scale of projects under construction of the Group reached a record high, the proportion of grid parity projects increased significantly and assets quality continued to be optimized and various operating indicators maintained stable, positive and steady growth. In the first half of the year, major operating indicators such as profit attributable to equity holders of the Group, power plants profit and production capacity all achieved year-on-year growth, and the liability-to-asset ratio continued to decrease, which consolidated the Group's good situation of sustainable and high-quality development.

In the first half of 2021, grid parity projects of the Group's power plants accounted for a larger proportion. As of 30 June 2021, the Group's proportion of capacity for grid-connected power plants of grid parity reached 18.2% and assets quality of power plants continued to improve. In the first half of 2021, the Group achieved an attributable power generation of 2,661.8 GWh, representing a year-on-year increase of 8.1%, and realized year-on-year 4.8% growth for net profit of wholly-owned power plants. The scale of the Group's projects under construction reached a new high, with a total installed capacity of 1,742.5 MW (the same period in 2020: 946 MW) of the Group's invested power plants, the vast majority of which were wholly-owned grid parity projects.

In the first half of 2021, the renewable energy industry in China received a number of positive factors again. The main role of new energy in the future power system will be well-defined. Moreover, technological advances drive a substantial drop in the average cost of wind power, and the establishment of a green finance and consumption system was accelerated. Under the “30 • 60” dual carbon targets, China’s new energy industry is set for rapid development in the next five years, with provinces (municipalities and autonomous regions) successively introducing Economic Development Plan, increasing the planning scale of renewable energy projects and actively promoting the development of wind power, PV power generation and other renewable energy. Under the new industry situation, the market size will be further expanded and competition in the industry will become increasingly fierce. However, the introduction and improvement of various favorable policies and measures in the industry will facilitate the rapid and long-term development of the renewable energy industry.

Under the new situation where industry opportunities and market competition coexist, the Group will fully leverage its core competitive advantages to achieve sustainable and healthy development. After 15 years of development, the Group has significantly improved the total quantity and quality of its assets, and has accumulated abundant human resources, financial resources, intangible assets and industry experience, resulting in better quality assets, stronger comprehensive strength and significantly enhanced risk resistance, and a solid foundation for sustainable development. With a flexible operating mechanism, efficient decision-making and strict control, the Group is able to respond quickly to market changes and make scientific operating decisions to control risks while seizing industry opportunities in a timely manner. The Group has sufficient project reserves and strong development and construction capabilities in the industry. It has obvious advantages in terms of resource reserves, professional capabilities and integrated costs, and is able to rely on its professional capabilities to ensure timely operation commencement and sustainable development of its projects.

In the second half of 2021, the Group will grasp the opportunities in the industry, focus on its main business of power generation, leverage its professional strengths and collaborate with the services businesses to achieve multi-faceted development of the Group. The Group will adopt a proactive development strategy, vigorously develop projects, accelerate the progress of project construction and operation commencement, adopt a “build and transfer” strategy, actively sell existing projects, replace projects of renewable energy subsidies with grid parity projects and replace less economical projects with projects of lower power costs, so as to improve the quality of the Group’s overall assets and achieve the Group’s sustainable and stable development. At the same time, the Group will vigorously develop its services businesses and increase its market expansion efforts, so as to fully leverage its strength in multi-business synergy including power plants investment, intelligent O&M, engineering consultancy and design, and financial leasing to ensure the achievement of the Group’s objectives and sustainable and healthy development.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

Long positions in the Shares:

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

Notes:

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

(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 2020, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As 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 subsisting at the Latest Practicable Date, and 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.

3. 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 this circular and was material:

- (a) On 8 September 2020, the Company commenced (i) the exchange offer with respect to the Company's outstanding senior notes (the "**Existing Notes**") pursuant to which an offer is made to exchange Existing Notes for the US\$ denominated senior notes to be issued by the Company (the "**New Notes**"); and (ii) a concurrent offering to issue and sell additional New Notes that will form a single series with the corresponding New Notes to be issued under the said exchange offer.

4. MATERIAL LITIGATION

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

5. SERVICE CONTRACTS

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

6. SECRETARY OF THE COMPANY

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

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

1. the Company's memorandum of association and by-laws;
2. the annual reports of the Company for the two financial years ended 31 December 2020;

3. the circulars issued by the Company dated 23 April, 7 May and 21 June 2021; and
4. the material contract referred to in the section headed “3. Material Contract” in this appendix.

8. 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 Thursday, 16 September 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong to consider and, if thought fit, pass the following ordinary resolution of the Company:

RESOLUTION

“**THAT** the Disposal Agreement (as defined in the circular of the Company dated 30 August 2021), a copy of which is tabled at the SGM, and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one or two of the directors of the Company be and is hereby authorised to execute all such documents and to do all such acts as he/she may in his/her absolute opinion deem necessary, desirable or expedient to give effect to the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”

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

Hong Kong, 30 August 2021

* *For identification purposes only*

NOTICE OF SGM

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 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 Thursday, 16 September 2021, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.
5. The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.