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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult 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)

**GRANT OF AWARDS UNDER THE SHARE AWARD SCHEME
(1) CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF
NEW SHARES TO CONNECTED PERSONS
PURSUANT TO SPECIFIC MANDATE
(2) ISSUE OF NEW SHARES TO NON-CONNECTED PERSONS
PURSUANT TO SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

Independent Financial Adviser to 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 Wednesday, 15 December 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 but not limited to:

- 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.

26 November 2021

* 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:

“Announcement”	announcement of the Company dated 15 October 2021 for the grant of the Awards
“associate(s)”, “close associate(s)”, “connected person(s)” and “insignificant subsidiary(ies)”	have the meaning ascribed to them by the Listing Rules
“Award Shares”	new Shares conditionally granted to the Grantees under the Scheme, comprising Connected Award Shares and Non-connected Award Shares
“Awards”	collectively the Connected Awards and the Non-connected Awards, and an “Award” means any one of them
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of trading in securities
“Company”	Concord New Energy Group Limited, a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Stock Exchange
“Connected Award Shares”	the Award Shares conditionally granted to the Connected Grantees
“Connected Awards”	the conditional grant of the Connected Award Shares to the Connected Grantees mentioned in this circular
“Connected Grantees”	the Grantees who are directors of the Company or its significant subsidiaries, or an associate of a Director
“Directors”	the directors of the Company
“Grantee(s)”	grantee(s) of the Award(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Shareholders in relation to the Connected Awards
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting at the relevant resolutions at the SGM under the Listing Rules
“Latest Practicable Date”	22 November 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
“Non-connected Award Shares”	the Award Shares conditionally grant to the Non-connected Grantees
“Non-connected Awards”	the conditional grant of the Non-connected Award Shares to the Non-connected Grantees mentioned in this circular
“Non-connected Grantees”	the Grantees, who are senior management and key employees of the Group, not being connected persons of the Company
“Scheme”	the share award scheme adopted by the Company on 15 June 2015 (as amended on 29 June 2017)
“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 Wednesday, 15 December 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for the Independent Shareholders and the Shareholders to consider and, if thought fit, approve the Connected Awards and the Specific Mandates, respectively
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Significant Subsidiary”	subsidiary of the Company other than an insignificant subsidiary of the Company

DEFINITIONS

“Specific Mandates”	the specific mandates to be obtained from the Independent Shareholders and the Shareholders at the SGM for the issue of the Connected Award Shares and the Non-connected Award shares, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	Acheson Limited, a company incorporated in Hong Kong with limited liability, which is the trustee having been appointed by the Company on 15 June 2015 for the administration of the Scheme
“%”	per cent.

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

26 November 2021

To the Shareholders:

Dear Sir or Madam,

**GRANT OF AWARDS UNDER THE SHARE AWARD SCHEME
(1) CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF
NEW SHARES TO CONNECTED PERSONS
PURSUANT TO SPECIFIC MANDATE
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PURSUANT TO SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 October 2021 in relation to the Awards and the Specific Mandates. The purposes of this circular is to provide you with: (a) further information on the Awards and the Specific Mandates; (b) the advice of the Independent Financial Adviser to the Independent Shareholders in respect of the Connected Awards; and (c) the notice of the SGM.

* For identification purposes only

LETTER FROM THE BOARD

GRANT OF AWARDS UNDER THE SCHEME

As announced by the Company on 15 June 2015 and 29 June 2017, the Company has adopted the Scheme and made certain amendments to certain provisions in the Scheme.

On 15 October 2021, the Board resolved to conditionally grant 59,100,000 Award Shares to 37 Grantees under the Scheme, comprising 31,900,000 Connected Award Shares conditionally granted to 15 Connected Grantees, and 27,200,000 Non-connected Award Shares conditionally granted to 22 Non-connected Grantees. The Award Shares were conditionally granted to the Connected Grantees and the Non-connected Grantees (who are senior management and key employees of the Group), who have contributed to the development and sustainable growth of the Group. All the Grantees have accepted the Awards subject to the fulfilment of the conditions precedent for the grant of the Awards under the paragraph headed “Conditions” in this “Letter from the Board”.

Connected Awards

The Awards to the Connected Grantees will be satisfied by the issue of the Connected Award Shares under the Specific Mandate, which shall be held upon trust for the benefit of the Connected Grantee by the Trustee before the vesting of the Connected Award Shares. Under the Scheme, the Trustee shall not exercise any voting rights attached to the Connected Award Shares held by it. The Connected Award Shares were conditionally granted to the following Connected Grantees:

Name of Connected Grantees	Connected Relationship with the Group	Number of Connected Award Shares	Approximate percentage of the total issued Shares
			as at the Latest Practicable Date (%)
Mr. Gui Kai	Executive Director and Chief Executive Officer	4,000,000	0.047
Mr. Niu Wenhui	Executive Director and Chief Financial Officer	4,000,000	0.047
Mr. Zhai Feng	Executive Director and Vice President	4,000,000	0.047

LETTER FROM THE BOARD

Name of Connected Grantees	Connected Relationship with the Group	Number of Connected Award Shares	Approximate percentage of the total issued Shares as at the Latest Practicable Date (%)
Ms. Shang Jia	Executive Director and Vice President	4,000,000	0.047
Mr. Wang Feng	Non-executive Director	1,500,000	0.018
Mr. Yap Fat Suan, Henry	Independent Non-executive Director	1,000,000	0.012
Dr. Jesse Zhixi Fang	Independent Non-executive Director	1,000,000	0.012
Ms. Huang Jian	Independent Non-executive Director	1,000,000	0.012
Mr. Zhang Zhong	Independent Non-executive Director	1,000,000	0.012
Mr. Wang Xigang	Vice President and director of Significant Subsidiary	2,200,000	0.026
Mr. Gui Bo	Vice President and director of Significant Subsidiary	2,200,000	0.026
Mr. Zhou Xiaole	Vice President and director of Significant Subsidiary	1,800,000	0.021
Ms. Yang Xiaohong	Financial Controller and director of Significant Subsidiary	1,800,000	0.021
Mr. Liu Ruiqing	Assistant to CEO and director of Significant Subsidiary	1,200,000	0.014
Mr. Liu Ning	Investment director ⁽¹⁾	1,200,000	0.014

Note 1: Mr. Liu Ning is the son and, thus, an associate of Mr. Liu Shunxing, Chairman of the Board.

LETTER FROM THE BOARD

Non-connected Awards

The Awards to the Non-connected Grantees will be satisfied by the issue of Non-connected Award Shares under the Specific Mandate, which shall be held upon trust for the benefit of the Non-connected Grantees by the Trustee before the vesting of the Non-connected Award Shares. Under the Scheme, the Trustee shall not exercise any voting rights attached to the Non-connected Award Shares held by it. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Non-connected Grantees are not connected persons of the Company.

Details of the Awards

Date of grant	:	15 October 2021
Number of Award Shares granted and number of Grantees	:	59,100,000 Award Shares, comprising (i) 31,900,000 Connected Award Shares and (ii) 27,200,000 Non-connected Award Shares. The Award Shares to be issued by the Company represent approximately 0.691% of the total number of Shares in issue at the Latest Practicable Date and approximately 0.686% of the total number of Shares in issue as enlarged by the issue of the Award Shares. The Award Shares will rank equally with the Shares in issue on the date of their issue. Once any Awards become unconditional, application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the related Award Shares.
Market price of the Shares	:	The closing price of the Shares as at the date of the Announcement as quoted on the Stock Exchange is HK\$0.81 per Share. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Announcement as quoted on the Stock Exchange was HK\$0.874 per Share.
Market value of the Award Shares	:	Based on the closing price of the Shares as at the date of the Announcement, the market values of 31,900,000 Connected Award Shares and 27,200,000 Non-connected Award Shares are approximately HK\$25.84 million and HK\$22.03 million, respectively.
Funds to be raised	:	The Grantees are not required to pay any consideration for the grant of the Award Shares. No fund will be raised by the Company as a result of the issue of the Award Shares. The Company has not engaged in any fund raising exercise in the 12 months immediately preceding the date of the Announcement.

LETTER FROM THE BOARD

Vesting : Subject to the fulfilment of the conditions mentioned in the paragraphed headed “Conditions” below, the Award Shares shall be vested on the following dates:

Vesting date	Percentage of the Award Shares to be vested
15 February 2022 (or in the event that 15 February 2022 is not a Business Day, the first Business Day thereafter)	25%
15 February 2023 (or in the event that 15 February 2023 is not a Business Day, the first Business Day thereafter)	25%
15 February 2024 (or in the event that 15 February 2024 is not a Business Day, the first Business Day thereafter)	25%
15 February 2025 (or in the event that 15 February 2025 is not a Business Day, the first Business Day thereafter)	25%

As the Awards are granted to the Grantees to reward their past outstanding performance which has contributed to the success of the Group in the past years, there are no performance target for the vesting of the Awards. The above vesting schedule imposes a condition that the Grantees have to be continued to be employed or appointed by the Group for the next four years. Hence, the Board considers that the grant of the Awards is fair and reasonable and serves the purposes of the Scheme.

Conditions

The grant of the Connected Awards shall be subject to the fulfilment of the following conditions: (i) the approvals by the Independent Shareholders at the SGM for the Connected Awards and the Specific Mandate for the issue of the Connected Award Shares having been obtained; and (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Connected Award Shares which may be issued by the Company.

LETTER FROM THE BOARD

The grant of the Non-connected Awards shall be subject to the fulfilment of the following conditions: (i) the approval by the Shareholders at the SGM for the Specific Mandate for the issue of the Non-connected Award Shares having been obtained; and (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Non-connected Award Shares which may be issued by the Company.

Each of the Connected Awards and Non-connected Awards are not conditional on each other.

Effects on the Shareholding Structure

Assuming no changes in the shareholding structure apart from the grant of the Awards since the Latest Practicable Date and the date of vesting of all the Award Share, the shareholding structure of the Company as at the Latest Practicable Date, immediately after the issue of the Award Shares and immediately after the vesting of all the Award Shares is as follows:

Name of Shareholders	As at Latest Practicable Date		Immediately after the issuance of the Award Shares		Immediately after the vesting of the Award Shares	
	Number of Shares held	Approximate percentage of the issued Shares	Number of Shares held	Approximate percentage of the issued Shares	Number of Shares held	Approximate percentage of the issued Shares
<i>Substantial shareholders / Directors:</i>						
Mr. Liu Shunxing ^(Note 1)	1,731,494,242	20.24%	1,731,494,242	20.10%	1,731,494,242	20.10%
Huadian Fuxin International Investment Company Limited	880,000,000	10.29%	880,000,000	10.22%	880,000,000	10.22%
Ms. Liu Jianhong ^(Note 2)	173,710,000	2.03%	173,710,000	2.02%	173,710,000	2.02%
Trustee ^(Note 3)	123,300,000	1.44%	182,400,000	2.12%	123,300,000	1.43%
Mr. Gui Kai	11,600,000	0.14%	11,600,000	0.13%	15,600,000	0.18%
Mr. Niu Wenhui	12,000,000	0.14%	12,000,000	0.14%	16,000,000	0.19%
Mr. Zhai Feng	–	–	–	–	4,000,000	0.05%
Mr. Shang Jia	4,000,000	0.05%	4,000,000	0.05%	8,000,000	0.09%
Mr. Wang Feng	–	–	–	–	1,500,000	0.02%
Mr. Yap Fat Suan, Henry	2,000,000	0.02%	2,000,000	0.02%	3,000,000	0.03%
Dr. Jesse Zhixi Fang	1,800,000	0.02%	1,800,000	0.02%	2,800,000	0.03%
Ms. Huang Jian	1,800,000	0.02%	1,800,000	0.02%	2,800,000	0.03%
Mr. Zhang Zhong	1,800,000	0.02%	1,800,000	0.02%	2,800,000	0.03%
Other connected persons (i.e. directors of subsidiaries):	7,600,000	0.09%	7,600,000	0.09%	18,000,000	0.21%
<i>Public shareholders:</i>	5,602,627,923	65.50%	5,602,627,923	65.05%	5,629,827,923	65.37%
Total	8,553,732,165	100.00%	8,612,832,165	100.00%	8,612,832,165	100.00%

Notes:

- (1) As at the Latest Practicable Date, 1,002,877,155 Shares were held by China Wind Power Investment Limited (“CWPI”) and 701,617,087 Shares were held by Splendor Power Limited. CWPI was wholly-owned by Permanent Growth Limited. Mr. Liu Shunxing held a 46.77% interest in Permanent Growth Limited and a 99% interest in Splendor Power Limited. Mr. Liu Shunxing beneficially held 27,000,000 Shares.

LETTER FROM THE BOARD

- (2) As at the Latest Practicable Date, 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.
- (3) In accordance with the terms of the Scheme, it is expected that a maximum number of 59,100,000 Award Shares may be issued to the Trustee for it to hold the same upon trust for each Grantee until the vesting of such Award Shares unto such Grantee.

Assuming the Grantees become fully entitled to all the Award Shares after the vesting period, the number of Shares to be issued during the four-year period would be 59,100,000 Shares, or approximately 0.69% of the total issued Shares as at the Latest Practicable Date. As shown in the above table, the shareholding interests of public Shareholders will be diluted from approximately 65.50% as at the Latest Practicable Date to approximately 65.05% immediately after the issuance of the Award Shares (assuming no other change in the issued share capital of the Company). Hence, the Company is able to fulfil the public float requirement after the issuance of all the Award Shares.

According to the calculation under Rule 7.27B of the Listing Rules, the theoretical dilution effect of the Awards is approximately 0.69%. For the purposes of the calculation of the said theoretical dilution effect, (a) the theoretical dilution effect of the Awards refers to the discount of the “theoretical diluted price” to the “benchmark price” of the Shares; (b) “theoretical diluted price” of approximately HK\$0.868 means the sum of (i) the Company’s total market capitalization (by reference to the “benchmark price” of HK\$0.874 and the number of issued Shares immediately before the grants of the Awards of 14 October 2021 of 8,553,732,165 Shares) of approximately HK\$7,476.0 million and (ii) the total funds raised and to be raised from the Awards (which is nil), divided by the total number of Shares as enlarged by the grants of the Awards; (c) the “benchmark price” means the higher of: (i) the closing price on the date of the grant of the Awards of 15 October 2021; and (ii) the average closing price in the 5 trading days immediately prior to 15 October 2021, which is HK\$0.874.

REASONS FOR AND BENEFITS OF THE GRANT OF THE AWARDS

The Scheme was adopted by the Board on 15 June 2015 (as amended on 29 June 2017) to (i) recognize the contributions of the directors and employees of the Group; (ii) provide additional incentives in order to retain the directors and employees of the Group to continue to contribute to the long term growth and profitability of the Group; (iii) align the interests of the Grantees with that of the Group through actual ownership of Shares and (iv) attract suitable personnel for further development of the Group.

The Company conducted annual review of the performance of the Directors and the employees of the Group. The grant of the Awards is to recognise the past contributions of the Grantees as well as to incentivise their continual supports to the Group and their efforts in promoting the Group’s long-term growth and development. In determining the number of the Awarded Shares, the Company has mainly considered the following factors:

- (a) the seniority and the importance of the work position, taking into account the background of the Grantees;
- (b) the contribution of the Grantees;

LETTER FROM THE BOARD

- (c) the individual performance of the Grantees; and
- (d) the Group's overall business performance, objectives and future development plan.

The Company has considered the benefits of granting Awards as an incentive as compared to other alternatives. According to the Company's interim report for the six months ended 30 June 2021, the Group had cash and cash equivalents of approximately RMB1.35 billion. The issue of the Award Shares will not have any cash outflow other than the minimal expenses relating to the issue of the Award Shares. As compared to other incentives (such as (a) cash bonuses which will involve cash out flow; or (b) share options, where the Grantees are required to pay the exercise price upon exercising the share options and the timing of exercise of the share options will depend on the Share prices), the Board considers that the grant of the Award Shares is a more effective mean for providing immediate incentives and rewards to the Grantees, which will be beneficial for the development of the Group.

The Directors believe that the future success of the Group is closely tied to the commitment and efforts of the Grantees, and the Awards were made to them in recognition of their past contribution to the development and business performance of the Group and as an incentive for their continuing commitment and contribution towards the sustainable growth of the Group. The Directors are of the view that the terms of the Awards are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The grant of the Connected Award Shares to each of the Connected Grantees has been approved by the Board (including the independent non-executive Directors) except that the Director who is the subject of the board resolution approving the grant of the Connected Awards to him/her (or his associate) abstained from voting on such resolution.

BASIS OF DETERMINATION FOR THE AWARD SHARES

The talented personnel for the renewable energy power generation and operation management sector are difficult to find. The Company should provide a better remuneration package to those personnel for the purposes of attracting, retaining and motivating talents for the development and sustainable growth of the Group. The Company considers that the grant of the Connected Awards to the Connected Grantees will further align their interests as key management members, and would further motivate them to devote their efforts to the development and sustainable growth of the Group.

All the Non-connected Grantees are senior management and key employees of the Group working in various business units of the Group including engineering construction, production operation, safety and quality, technical management, financial management, and etc. The Board had considered the factors set out in the paragraph headed "Reasons for and Benefits of the Grant of the Awards in determining the number of the Award Shares granted to each Non-connected Grantee. The Board had taken into account the responsibilities of the Connected Grantees in the Group and their contributions set out below to determine the number of the Award Shares granted to each of them:

LETTER FROM THE BOARD

Name of Connected Grantees	Position	Responsibilities & contributions
Mr. Gui Kai	Executive Director and Chief Executive Officer	Responsible for the Group's engineering construction, production operations, safety and quality, and technical management. Mr. Gui has ensured the proper functioning of the environmental, social, and governance (the "ESG") committee of the Company. Mr. Gui has made important contributions to the Group's engineering construction, production operations, and technical management.
Mr. Niu Wenhui	Executive Director and Chief Financial Officer	Responsible for the formulation of the Group's overall financial strategy. Mr. Niu has played an important role in building the financial management system of the Group, and undertaking the fund raising activities and the financial management.
Mr. Zhai Feng	Executive Director and Vice President	Responsible for the strategy and planning of the Group, legal compliance, Board affairs, capital operation, investor relationship, project cost, the business of Group's branch offices in the United States. Mr. Zhai has made outstanding contributions in the aforesaid field of businesses responsible by him.
Ms. Shang Jia	Executive Director and Vice President	Responsible for the project development, production operation and engineering construction of the Group's branch offices in Hunan Province, Hubei Province, Guangdong Province and Guangxi Zhuang Autonomous Region. Ms. Shang has made important contributions to the Group's project development and production operations in the said regions.
Mr. Wang Feng	Non-executive Director	Mr. Wang has provided opinions in the Board's decision making process, and on the overall business strategy and management of the Group.

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Name of Connected Grantees	Position	Responsibilities & contributions
Mr. Yap Fat Suan, Henry	Independent non-executive Director	Mr. Yap has provided independent opinions in the Board's decision making process, ensured proper functioning of the Company's audit committee, nomination committee and remuneration committee, and monitored appropriate corporate governance and internal control of the Group.
Dr. Jesse Zhixi Fang	Independent non-executive Director	Dr. Fang has provided independent opinions in the Board's decision making process, ensured proper functioning of the Company's remuneration committee, and monitored appropriate corporate governance and internal control of the Group.
Ms. Huang Jian	Independent non-executive Director	Ms. Huang has provided independent opinions in the Board's decision making process, ensured proper functioning of the Company's audit committee, nomination committee and ESG committee, and monitored appropriate corporate governance and internal control of the Group.
Mr. Zhang Zhong	Independent non-executive Director	Mr. Zhang has provided independent opinions in the Board's decision making process, ensured proper functioning of the Company's audit committee, nomination committee and the remuneration committee, and monitored appropriate corporate governance and internal control of the Group.
Mr. Wang Xigang	Vice President and director of subsidiaries	Responsible for the management of project development, engineering construction and production operations of the Group's branch office in Yunnan Province. Over the years, Mr. Wang has assisted in the management of the Group's strategy, planning, project development and project cost, and has played an important role in the Group's planning management, corporate management, project cost and joint venture cooperation, and the project development, production operation and engineering construction of the branch office.

LETTER FROM THE BOARD

Name of Connected Grantees	Position	Responsibilities & contributions
Mr. Gui Bo	Vice President and director of subsidiaries	To assist Mr. Gui Kai, the Executive Director and Chief Executive Officer, to carry out the Group's project construction work. Mr. Gui has made important contributions to the Group's project construction management.
Mr. Zhou Xiaole	Vice President and director of subsidiaries	To assisted Mr. Zhai Feng, the Executive Director and Vice President, to manage the Group's capital operation and investor relationship. Mr. Zhou has played an important role in the Group's project disposals, capital operation and investor relationship maintenance.
Ms. Yang Xiaohong	Financial director and director of subsidiaries	To assist Mr. Niu Wenhui, the Executive Director and Chief Financial Officer, to manage the financial management of the Group. Ms. Yang has made contribution in the establishment and management of the Group's financial management system and financial audit, report management, fund management, tax planning and foreign exchange management.
Mr. Liu Ruiqing	Assistant to CEO and director of subsidiaries	To assist Mr. Gui Kai, the Executive Director and Chief Executive Officer, to carry out the Group's technical management. Mr. Liu has played an important role in the Group's technical management, technical support and technological innovation.
Mr. Liu Ning	Investment Director	Responsible for the Group's finance lease business in the renewable energy industry. Mr. Liu has made important contributions to the organization and development of the Group's finance lease business in the renewable energy industry.

The Board considers that the grant of the Awards to the Grantees commensurate their respective contributions to the Group.

LETTER FROM THE BOARD

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.

LISTING RULES IMPLICATIONS

As the Connected Grantees are directors of the Company or its significant subsidiaries of the Company, or an associate of a Director, they are connected persons of the Company. Hence, the Connected Awards constitute connected transactions for the Company under the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 13.39(6)(c) of the Listing Rules, in the event that all independent non-executive directors of an issuer have a material interest in the relevant transaction or arrangement, no independent board committee can be formed. As all the independent non-executive Directors are Connected Grantees, the Company is of the view that each of the independent non-executive Directors is regarded as having a material interest in the Connected Awards. Accordingly, no independent board committee will be formed for the Connected Awards. The Independent Financial Adviser has been appointed by the Company to advise the Independent Shareholders in this regard.

Each of the following Connected Grantees and their respective close associates are required to abstain from voting in respect of the resolutions to be proposed at the SGM for the grant of the Connected Award to him/her as set out below:

Name of the Connected Grantee	Shares held by the Grantee or his/her close associate	To abstain from voting for the resolutions (No.)	Approximate percentage of the total issued Shares (%)
Mr. Gui Kai	11,600,000	1&2A	0.14
Mr. Niu Wenhui	12,000,000	1&2B	0.14
Mr. Zhai Feng	–	1&2C	–
Ms. Shang Jia	4,000,000	1&2D	0.05
Mr. Wang Feng	–	1&2E	–
Mr. Yap Fat Suan, Henry	2,000,000	1&2F	0.02
Dr. Jesse Zhixi Fang	1,800,000	1&2G	0.02
Ms. Huang Jian	1,800,000	1&2H	0.02
Mr. Zhang Zhong	1,800,000	1&2I	0.02
Mr. Wang Xigang	2,000,000	1&2J	0.02
Mr. Gui Bo	900,000	1&2K	0.01
Mr. Zhou Xiaole	2,090,000	1&2L	0.02
Ms. Yang Xiaohong	500,000	1&2M	0.01
Mr. Liu Ruiqing	2,200,000	1&2N	0.03
Mr. Liu Ning	–	1&2O	–

LETTER FROM THE BOARD

To the best of the knowledge of the Directors, having made all reasonable enquiries, all the Connected Grantees and their respective close associates control or are entitled to exercise control over the voting right in respect of all of the above Shares held by them. As at the Latest Practicable Date, Mr. Liu Shunxing and his close associates controlled or were entitled to exercise control over the voting right in respect of 1,731,494,242 Shares representing 20.24% of the total issued Shares. As Mr. Liu Ning is the son and, thus, an associate of Mr. Liu Shunxing, Mr. Liu Shunxing and his close associates will abstain from voting in respect of the resolution to be proposed at the SGM for the grant of the Connected Award to Mr. Liu Ning (i.e. resolutions no. 1&2O). As at the Latest Practicable Date, the Trustee holds 123,300,000 Share representing 1.44% of the total Issued Shares as trustee for share awards previously granted under the Scheme (details of which are set out in the announcement and circular of the Company dated 2 April and 3 June 2019 respectively). Under the Scheme, the Trustee is not permitted to exercise any voting right in respect of the said 123,300,000 Shares held by it.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there are no voting trusts or other agreements or arrangements or understandings or obligations or entitlements whereby any Connected Grantees or their respective close associates have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of their Shares to third parties, either generally or on a case-by-case basis.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholders had any material interests in the Connected Awards, and therefore no other Shareholders were required to abstain from voting on the resolutions approving the Connected Awards at the SGM.

SPECIAL GENERAL MEETING

The SGM will be held at 10:00 a.m. on Wednesday, 15 December 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 Connected Awards and the Specific Mandates. A notice convening the SGM and a form of proxy for use at the SGM are enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so desire.

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

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Financial Adviser considers that (i) the grant of the Connected Award Shares is conducted in the ordinary and usual course of business of the Group; (ii) the terms of the grant of the Connected Award Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the grant of the Connected Award Shares is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM for the Connected Awards. The text of the letter from the Independent Financial Adviser is set out on pages I-1 to I-25 of this circular.

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

The following is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor, China Building
29 Queen's Road Central
Hong Kong

26 November 2021

To: the Independent Shareholders

Dear Sirs,

**GRANT OF AWARDS UNDER THE SHARE AWARD SCHEME
CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF
NEW SHARES TO CONNECTED PERSONS
PURSUANT TO SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Shareholders in respect of the grant of the Connected Award Shares, details of which are set out in the “Letter from the Board” contained in the circular of the Company to the Shareholders dated 26 November 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As the Connected Grantees are Directors, directors of the Significant Subsidiaries, or an associate of a Director, they are connected persons of the Company. Hence, the Connected Awards constitutes connected transactions for the Company and will be subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 13.39(6)(c) of the Listing Rules, in the event that all independent non-executive directors of an issuer have a material interest in the relevant transaction or arrangement, no independent board committee can be formed. As all of the independent non-executive Directors are Connected Grantees, the Company is of the view that each of the independent non-executive Directors is regarded as having a material interest in the Connected Awards. Accordingly, no independent board committee has been formed for the Connected Awards. We, Somerley Capital Limited, have been appointed to advise the Independent Shareholders as to whether (1) the grant of the Connected Award Shares is conducted in the ordinary and usual course of business of the Group; (2) the terms of the grant of the Connected Award Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (3) the grant of the Connected Award Shares is in the interests of the Company and the Shareholders as a whole.

During the past two years, there have been no engagements between the Company and Somerley Capital Limited. As at the Latest Practicable Date, there have been no relationships or interests existing between (a) Somerley Capital Limited and (b) the Group and the Connected Grantees that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Shareholders in respect of the grant of the Connected Award Shares as detailed in the Circular.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the SGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and the Connected Grantees, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group and the grant of the Award Shares

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.

For the year ended 31 December 2020, the Group recorded revenue of approximately RMB2,000.8 million and profit attributable to the Shareholders of approximately RMB673.4 million, representing a year-on-year increase of approximately 9.0% and 11.4% respectively. As disclosed in the Company's 2020 annual report, such increase in both the revenue and profit were mainly attributable to the improved asset quality of power plants and the increased installed capacities. For the six months ended 30 June 2021, the Group's revenue amounted to approximately RMB970.3 million, representing a slight decrease of approximately 2.9%. Such decrease was mainly attributable to, among others, the decrease in the renewable energy subsidy. Profit attributable to the Shareholders was approximately RMB403.2 million for the six months ended 30 June 2021, representing an increase of approximately 6.3%, as compared to the corresponding period in 2020.

As set out in the Company's 2021 interim report, since the beginning of 2021, the China's overall electricity demand of the society has continued to grow rapidly, with some provinces experiencing tight power supply and staggered power consumption. Under the "30 · 60" dual carbon targets, China's new energy industry is set for rapid development in the next five years. The introduction and improvement of various favourable policies and measures in the industry will facilitate the rapid and long-term development of the renewable energy industry. Market size will be further expanded and competition in the industry will become increasingly fierce. Under the situation where industry opportunities and market competition co-exist, the Group will grasp the opportunities in the industry, focus on its main business of power generation, leverage its professional strength and collaborate with the services businesses to achieve multi-faceted development of the Group. The Group has accumulated rich experience in project development, construction, operation and maintenance, and has trained a team of high quality and dedicated talents. As part of its incentive scheme, the Company has adopted the Scheme on 15 June 2015 (as amended on 29 June 2017) with the aim to (a) recognise the contributions of the directors and employees of the Group; (b) provide additional incentives in order to retain such personnel to continue to contribute to the long-term growth and profitability of the Group; (c) align the interests of the Grantees with that of the Group through actual ownership of Shares; and (d) attract suitable personnel for further development of the Group.

In order to recognise the Grantees (including the Connected Grantees) for their past contributions as well as to incentivise their continual support to the Group and their efforts in promoting the Group's long-term growth and development, on 15 October 2021, the Board resolved to conditionally grant 59,100,000 Award Shares to 37 Grantees by way of issuing the Award Shares pursuant to the Specific Mandates, out of which (a) 31,900,000 Connected Award Shares will be conditionally granted to 15 Connected Grantees; and (b) 27,200,000 Non-connected Award Shares will be conditionally granted to 22 Non-connected Grantees. The Award Shares were conditionally granted to the Connected Grantees and the Non-connected Grantees (who are senior management and key employees of the Group), who have contributed to the development and sustainable growth of the Group. All the Grantees have accepted the Awards, subject to the fulfilment of the conditions precedent for the grant of the Awards. Further details of the grant of the Award Shares and the Grantees are set out in the "Letter from the Board" contained in the Circular and this letter below.

2. Details of the grant of the Award Shares

The key features of the grant of the Award Shares are summarised below. Further details are set out in the section headed "Grant of Awards under the Scheme" in the "Letter from the Board" contained in the Circular.

(i) *Number of Award Shares*

The aggregate of 59,100,000 Award Shares to be allotted and issued by the Company to the Grantees represent approximately 0.691% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.686% of the total number of Shares in issue as enlarged by the issue of the Award Shares. Out of 59,100,000 Award Shares, (a) 31,900,000 Connected Award Shares (representing approximately 0.373% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.370% of the total number of Shares in issue as enlarged by the issue of the Award Shares) will be granted to 15 Connected Grantees; and (b) 27,200,000 Non-connected Award Shares (representing approximately 0.318% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.316% of the total number of Shares in issue as enlarged by the issue of the Award Shares) will be granted to 22 Non-connected Grantees, subject to the fulfilment of the conditions precedent for the grant of the Awards under the paragraph headed “Conditions” in the “Letter from the Board” contained in the Circular.

The Awards to the Grantees will be satisfied by the issue of the Award Shares under the Specific Mandates, which shall be held upon trust for the benefit of the Grantee by the Trustee before the vesting of the Award Shares. Under the Scheme, the Trustee shall not exercise any voting rights attached to the Award Shares held by it. The Award Shares will rank equally with the Shares in issue on the date of their issue. Once any Awards become unconditional, application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the related Award Shares.

As stated under the Scheme, the Grantees are not required to pay any consideration for the grant of the Award Shares. No fund will be raised by the Company as a result of the issue of the Award Shares.

(ii) *Market value of the Award Shares*

Based on the closing price of HK\$0.81 per Share as quoted on the Stock Exchange as at the date of grant (i.e. 15 October 2021), the market value of 59,100,000 Award Shares is HK\$47,871,000, where the market value of 31,900,000 Connected Award Shares and 27,200,000 Non-connected Award Shares are HK\$25,839,000 and HK\$22,032,000 respectively. Based on HK\$0.77 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of 59,100,000 Award Shares is HK\$45,507,000, where the market value of 31,900,000 Connected Award Shares and 27,200,000 Non-connected Award Shares are HK\$24,563,000 and HK\$20,944,000 respectively.

(iii) Vesting period of the Award Shares

Subject to the approval of the Specific Mandates, the Award Shares shall be vested on the following date as follows:

Table 1: Vesting period of the Award Shares

Vesting Year	Vesting Date	Percentage of the Award Shares to be vested
2022	15 February 2022 (or in the event that 15 February 2022 is not a Business Day, the first Business Day thereafter).	25%
2023	15 February 2023 (or in the event that 15 February 2023 is not a Business Day, the first Business Day thereafter).	25%
2024	15 February 2024 (or in the event that 15 February 2024 is not a Business Day, the first Business Day thereafter).	25%
2025	15 February 2025 (or in the event that 15 February 2025 is not a Business Day, the first Business Day thereafter).	25%

As the Awards are granted to the Grantees to reward their past outstanding performance which has contributed to the success of the Group in the past years, under the Scheme, there are no performance target(s) for the vesting of the Awards. The above vesting schedule imposes a condition that the Grantees have to be continued to be employed or appointed by the Group for the next four years. The Award Shares held by respective Grantees would be lapsed and/or forfeited under certain circumstances including, among others, (i) resignation of the Grantee; and (ii) dismissal or termination of employment relationship between the Company and the Grantee.

(iv) Conditions

The grant of the Connected Award Shares shall be subject to the fulfilment of the following conditions: (i) the approvals by the Independent Shareholders at the SGM for the Connected Awards and the Specific Mandate for the issue of the Connected Award Shares having been obtained; and (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Connected Award Shares which may be allotted and issued by the Company.

The grant of the Non-connected Awards shall be subject to the fulfilment of the following conditions: (i) the approval by the Shareholders at the SGM for the Specific Mandate for the issue of the Non-connected Award Shares having been obtained; and (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Non-connected Award Shares which may be issued by the Company.

Each of the Connected Awards and Non-connected Awards are not conditional on each other.

(v) *List of Award Shares awarded to the Connected Grantees*

The Connected Award Shares were awarded to the following Connected Grantees:

Table 2: List of Connected Grantees

Connected Grantees	Connected relationship with the Group	Number of Connected Award Shares	Approximate percentage of the total number of issued Shares as at the Latest Practicable Date (%)
Mr. Gui Kai	Executive Director and Chief Executive Officer	4,000,000	0.047
Mr. Niu Wenhui	Executive Director and Chief Financial Officer	4,000,000	0.047
Mr. Zhai Feng	Executive Director and Vice President	4,000,000	0.047
Ms. Shang Jia	Executive Director and Vice President	4,000,000	0.047
Mr. Wang Feng	Non-executive Director	1,500,000	0.018
Mr. Yap Fat Suan, Henry	Independent Non-executive Director	1,000,000	0.012
Dr. Jesse Zhixi Fang	Independent Non-executive Director	1,000,000	0.012
Ms. Huang Jian	Independent Non-executive Director	1,000,000	0.012
Mr. Zhang Zhong	Independent Non-executive Director	1,000,000	0.012
Mr. Wang Xigang	Vice President and director of Significant Subsidiaries	2,200,000	0.026
Mr. Gui Bo	Vice President and director of Significant Subsidiaries	2,200,000	0.026
Mr. Zhou Xiaole	Vice President and director of Significant Subsidiaries	1,800,000	0.021
Ms. Yang Xiaohong	Financial Controller and director of Significant Subsidiaries	1,800,000	0.021
Mr. Liu Ruiqing	Assistant to CEO and director of Significant Subsidiaries	1,200,000	0.014
Mr. Liu Ning	Investment director (<i>Note</i>)	1,200,000	0.014
Sub-total		31,900,000	0.373

Note: Mr. Liu Ning is the son and, thus, an associate of Mr. Liu Shunxing, Chairman of the Board.

3. Background of the Connected Grantees

The Connected Grantees are the Directors, directors of Significant Subsidiaries, or an associate of a Director. It is noted from the information provided by the Company that the Connected Grantees have joined the Group for around 8 years on average, and, save for the non-executive Director and the independent non-executive Directors, are responsible for areas including the Group's overall investment development, strategic planning, financial and fund management, engineering construction, legal and compliance, investors' relation, technological management and development, strategic planning, corporate management and operation. Further details of the Connected Grantees are set out in the section headed "Basis of determination for the Award Shares" in the "Letter from the Board" contained in the Circular.

4. Benefits for and rationale of the grant of the Award Shares

The Group has accumulated rich experience in project development, construction, operation and maintenance, and has trained a team of high quality and dedicated talents. The executive Directors believe that the future success and continual development of the Group is closely tied to the commitment and efforts of the Grantees, and the Awards were made to the Grantees (including the Connected Grantees) in recognition of their past contributions to the development and business performance of the Group, and as an incentive for their continuing commitment and contribution towards the sustainable growth of the Group. In determining the number of the Award Shares granted to the Grantees (including the Connected Grantees), the Company has mainly considered (i) the seniority and the importance of the work position taking into account the background and working experience of the Grantees; (ii) their contribution; (iii) their individual performance; and (iv) the Group's overall business objectives and future development plan. Each of the Connected Grantees, with his/her expertise in different areas, is playing a significant role in driving the success and the business expansion of the Group.

We have enquired the Company as to the experiences, roles and responsibilities of the Connected Grantees and noted from the background and working experience of each of the Connected Grantees that each of them possesses expertise and experience in his/her own area which is relevant to the Group's operations. We further noted that the Connected Grantees have years of services of up to 15 years with an average of approximately 8 years. Further details of the position and responsibilities of the Connected Grantees are set out in the section headed "Basis of determination for the Award Shares" in the "Letter from the Board" contained in the Circular. The Connected Award Shares shall vest in tranches over a four-year period, the grant of which shall motivate the Grantees' continuing services in the Group and ensure stability in the Group's operations. We consider that, the retention of valuable personnel including the Connected Grantees (who held top management/senior positions in the Group) is critical for maintaining a stable and experienced senior management team, which in turn is crucial for the development and expansion of the Group. Also it is beneficial for the Group to minimise any potential disruption to the existing operations of the Group resulting from lack of continuity of an experienced senior management team. The Connected Award Shares issued to the Connected Grantees will provide them with a direct economic interest in attaining a long-term relationship with the Group. We further understand from the Company that the reason for issuing the Connected Award Shares to independent non-executive Directors is to express the Company's gratitude towards their work. The total Connected Award Shares granted to the four independent non-executive Directors represent approximately 0.047% of the issued share capital of the Company as at the Latest Practicable Date.

Under the Scheme, there are certain circumstances that the Award Shares held by respective Grantees (including the Connected Grantees) would be lapsed and/or forfeited including, among others, (i) resignation of the Grantee; and (ii) dismissal or termination of employment relationship between the Company and the Grantee. We consider these are features designed to retain valuable employees of the Company. As further discussed in the sub-section headed "Comparable grants of share awards and restricted share units" of this letter below, the percentage of the Connected Award Shares to be vested in each year is 25%, which falls within the range of the Comparable Grants (as defined below). Considering the benefits of the grant of the Award Shares set out above, we are of the view that, although there are no performance target(s) or condition(s) subject to the Connected Grantee's fulfilment before vesting, the granting of the Connected Award Shares (with vesting period and other features set out above) is linked to the continuing commitment and contribution of the Connected Grantees towards the development of the Group. On this basis, we consider the granting of the Connected Award Shares is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

As advised by the management of the Company, in determining the number of the Connected Award Shares granted to each of the Connected Grantees, the Board considered various factors, including but not limited to (i) the importance of the roles and responsibilities of the relevant Connected Grantee; (ii) the historical performance and contributions of the Connected Grantees to the overall business performance of the Group; (iii) the Connected Grantees' expected contributions to the Group from their continuous support; and (iv) their emoluments level. We have obtained and reviewed the Company's internal remuneration policy which sets out, among others, (i) salary determination strategy of the Company; (ii) salary structure of senior management, mid-level employees and other employees; and (iii) its strategy of establishing a share award scheme. As set out in such internal remuneration policy, share award forms part of the total remuneration package of senior management. We noted that the policy further sets out the factors to be considered when determining the number of Award Shares granted to the Company's senior management, which is consistent with the assessment criteria described above. In addition, we have also discussed with the management of the Company and understand that, before determining the number of the shares granted to each of the Grantees (including the Connected Grantees), reference would be made to completed performance appraisals relating to the individual Grantee. We have obtained and reviewed 5 samples of completed performance appraisal forms for the Connected Grantees and Non-connected Grantees, which in our view is sufficient for this purpose given there are 15 Connected Grantees in total. These performance appraisal forms set out specific goals, individual contribution and performance rating of each appraisee. We noted from the samples and further understand from the management of the Company that the same appraisal form is used for evaluating performance of both the Connected Grantees and Non-connected Grantees with the same criteria including, among others, description of specific tasks, quality of work and work efficiency, and specific goals, tasks and performance assessment criteria may vary depending on the role and responsibilities of each individual. As we noted from the samples of the completed performance appraisal forms, performance ratings of all Connected Grantees are classified under the top category under a multi-tier rating scale.

We further understand from the Company that it has also considered the benefits of adopting the Scheme as an incentive scheme as compared to other alternatives. As further sets out in the sub-section headed "Financial effects of the grant of the Award Shares" below, the issue of the Award Shares will have no effect on the cash flow of the Group other than the expenses relating to the issue of the Award Shares. Further details with respect to the Company's consideration on other alternatives are set out in the section headed "Reasons for and benefits of the grant of the Awards" in the "Letter from the Board" contained in the Circular. For illustration purpose only, assuming the Awards were paid by cash instead of Shares as at 30 June 2021, there would have been an immediate cash outlay of approximately HK\$47.9 million (equivalent to approximately RMB39.6 million), which represents the aggregate market value of the Award Shares as at the date of grant (i.e. 15 October 2021), and the cash and cash equivalents of the Company would have decreased from approximately RMB1,346.0 million to approximately RMB1,306.4 million as at 30 June 2021. Further, based on our search on the Stock Exchange's website on best effort basis, from 1 July 2021 up to the date of the grant (i.e. 15 October 2021), there were 29 Main Board listed companies published announcements in relation to the grant of award shares. We noted that it is not uncommon that Main Board listed companies provide incentives to their directors, senior managements or employees for the benefit of the

company's continuing operations and development by granting award shares to grantees with the objectives to align the interest of such companies and the respective grantees. Given that (i) 29 Main Board listed companies were identified as set out above with details of respective share award grants sourced from information published on the Stock Exchange's website; (ii) the abovementioned award shares were granted in the second half of 2021 which represent the recent market practice; and (iii) we noted that all of these grant of share awards serve similar purposes as incentives to grantees for the benefit of the respective companies, we consider the above to be fair and representative for the purpose of this analysis.

Grant of share options is also another common market practice to align the interest of the companies and the grantees, however, exercising the share options will require payment of the exercise price by the grantees and they can only enjoy the potential reward if they realise the options when the prevailing market price is higher than the exercise price. As grant of share options require financial outlay on the part of the grantees, the Company considers the grant of share options to be less attractive to serve the purpose of providing immediate incentives and reward to grantees.

Taking into account of the above, as compared to other incentives such as (a) cash bonuses which will impose additional pressure on the Group's cash flow position; or (b) share options, where the grantees are required to pay the exercise price upon exercising the share options and the timing of exercise of the share options will depend on the Share prices, the Board considers, and we concur, that the grant of the Award Shares to be a more effective mean for providing immediate incentives and rewards to the Grantees (including the Connected Grantees) which will be beneficial for the development of the Group.

5. Comparable grants of share awards and restricted share units

In order to assess the reasonableness and fairness of the grant of the Connected Award Shares, we have compared it with share awards or restricted share units granted to individual director/senior management/employee of the Comparable Grantors (as defined below) as disclosed in their respective latest annual reports or relevant circulars (where relevant details of the grants were disclosed).

During the determination of the selection criteria for the Comparable Grantors, we have first considered (i) their place of listing; and (ii) the sector which they are principally engaged in as classified under Global Industry Classification Standard ("GICS") (a commonly used classification standard sourced from Bloomberg). Taking into consideration the Company is listed on the Main Board of the Stock Exchange and principally engaged in investing in wind and solar power projects and offering professional technical services and integrated solutions to the wind and solar power generation projects, we have sorted out an exhaustive list of companies which are listed on the Main Board of the Stock Exchange and are principally engaged in renewable electricity sector as classified under GICS. We have conducted searches on the latest annual reports of the aforesaid list of companies and noted that no share awards or restricted share units were granted to their directors/senior management. As such, we have

extended the selection to include the companies principally engaged in utilities and energy sector under GICS, which we consider the analysis, under such circumstances, would still provide a general reference for common market practice in granting share awards or restricted share units to directors and/or senior management of other listed companies in the similar sectors of the Company. As such, these companies (i) are listed on the Main Board of the Stock Exchange and are principally engaged in the renewable electricity/utilities/energy sector under GICS; (ii) have a share award or restricted share units scheme and have granted share awards or restricted share units to directors/senior management/employees (“**Comparable Grants**”); and (iii) have market capitalisation between HK\$400 million and HK\$30 billion as at the Latest Practicable Date (the “**Comparable Grantors**”) which we consider to be a reasonable range while still obtaining a sufficient number of Comparable Grants for this purpose. Based on the above selection criteria, we have identified an exhaustive list of four Comparable Grantors.

Details with respect to each individual grantee and/or the Comparable Grants such as responsibilities and service terms of each individual grantee, date of grant, business nature and scale of each company may vary. However, the Comparable Grants are considered to be general references for common market practice in granting share awards or restricted share units to directors/senior management of other listed companies in the abovementioned sectors. Based on the latest annual reports and/or relevant circulars (where relevant details of the grants were disclosed) of the Connected Grantors, we have identified 29 Comparable Grants to connected persons of the Comparable Grantors (“**the Connected Comparable Grants**”), which provide a relevant benchmark for the purpose of assessing the reasonableness of the grant of the Connected Award Shares. We consider the list of the Connected Comparable Grants to be exhaustive, fair and representative for this analysis. We have compared the grant of the Connected Award Shares with the Connected Comparable Grants in terms of vesting period and value of share awards or restricted share units granted to each individual director/senior management. The results are explained further below.

The following table sets out the details of the Connected Comparable Grants and the grant of the Connected Award Shares. The Connected Comparable Grants set out in the table below represent an exhaustive list of grants comparable to the grant of the Connected Award Shares based on the above criteria.

Table 3: List of Connected Comparable Grants

Company name and stock code	Market capitalisation as at the Latest Practicable Date	Principal activities	Date of grant of award shares or restricted share units	Number of share award or restricted share units to directors and/or senior management (A)	Percentage of total number of share award or restricted share units to the total issued share capital (Note 2)	Position of individual grantees	Vesting status	Theoretical vesting for each year (B)	Market value of the share award or restricted share units per share/unit as at the date of grant (C)	Theoretical annualised fair value of the share award or restricted share units vested (D = A x B x C)
Beijing Enterprises Water Group Limited (371)	29,090	Construction and provision of service in relation to sewage and reclaimed water treatment and seawater desalination plants, distribution and sale of piped water and machineries related to sewage treatment and construction services	26 September 2019	3,114,768	0.031%	Executive director, chief executive officer	12-month period from the first anniversary date of the grant	100%	4.06	12,645,958
			26 September 2019	270,544	0.003%	Executive director	Same as above	100%	4.06	1,098,409
			26 September 2019	270,544	0.003%	Executive director	Same as above	100%	4.06	1,098,409
			26 September 2019	144,290	0.001%	Executive director	Same as above	100%	4.06	585,817
			26 September 2019	1,241,088	0.012%	Executive director	Same as above	100%	4.06	5,038,817
				<u>5,041,234</u>	<u>0.050%</u>					<u>20,467,410</u>

Company name and stock code	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	Principal activities	Date of grant of award shares or restricted share units	Number of share award or restricted share units to directors and/or senior management (A)	Percentage of total number of share award or restricted share units to the total issued share capital (Note 2)	Position of individual grantees	Vesting status	Theoretical vesting for each year (B)	Market value of the share award or restricted share units per share/unit as at the date of grant (C) (HK\$)	Theoretical annualised fair value of the share award or restricted share units vested (D = A x B x C) (HK\$)
Beijing Enterprises Water Group Limited (371)	29,090	Construction and provision of service in relation to sewage and reclaimed water treatment and seawater desalination plants, distribution and sale of piped water and machineries related to sewage treatment and construction services	1 November 2021	253,656	0.003%	Executive director	12-month period from the first anniversary date of the grant	100%	2.94	745,749
			1 November 2021	197,288	0.002%	Executive director	Same as above	100%	2.94	580,027
			1 November 2021	140,920	0.001%	Executive director	Same as above	100%	2.94	414,305
				<u>591,864</u>	<u>0.006%</u>					<u>1,740,081</u>
AAG Energy Holdings Limited (2686) (Note 3)	4,923	Exploration, development and production of coalbed methane and focuses on developing and optimising the value of unconventional gas resources to supply clean energy in the PRC	24 March 2017	2,014,488	0.061%	Chairman and executive director	one fourth (1/4) for each 12-month period commencing from 31 March 2017	25%	1.28	644,636
			24 March 2017	281,250	0.008%	Independent non-executive director	40% will be vested immediately and 60% shall vest at one-third (1/3) for each 12-month period commencing from 31 March 2017	60% (Note 4)	1.28	216,000

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Company name and stock code	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	Principal activities	Date of grant of award shares or restricted share units	Number of share award or restricted share units to directors and/or senior management (A)	Percentage of total number of share award or restricted share units to the total issued share capital (Note 2)	Position of individual grantees	Vesting status	Theoretical vesting for each year (B)	Market value of the share award or restricted share units per share/unit as at the date of grant (C) (HK\$)	Theoretical annualised fair value of the share award or restricted share units vested (D = Ax B x C) (HK\$)
			24 March 2017	281,250	0.008%	Independent non-executive director	40% will be vested immediately and 60% shall vest at one-third (1/3) for each 12-month period commencing from 31 March 2017	60% (Note 4)	1.28	216,000
			24 March 2017	281,250	0.008%	Independent non-executive director	40% will be vested immediately and 60% shall vest at one-third (1/3) for each 12-month period commencing from 31 March 2017	60% (Note 4)	1.28	216,000
			24 March 2017	281,250	0.008%	Independent non-executive director	40% will be vested immediately and 60% shall vest at one-third (1/3) for each 12-month period commencing from 31 March 2017	60% (Note 4)	1.28	216,000
			24 March 2017	2,538,979	0.076%	Chief executive officer and president	one fourth (1/4) for each 12-month period commencing from 31 March 2017	25%	1.28	812,473
				<u>5,678,467</u>	<u>0.169%</u>					<u>2,321,109</u>

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AAG Energy Holdings Limited (2686) (Note 3)	4,923	Exploration, development and production of coalbed methane and focuses on developing and optimising the value of unconventional gas resources to supply clean energy in the PRC	18 December 2015	3,310,867	0.100%	Chairman and executive director	One fourth (1/4) for each 12-month period commencing from 31 March 2016	25%	1.49	1,233,298
			18 December 2015	3,310,867	0.100%	Co-chief executive officer and president	Same as above	25%	1.49	1,233,298
			18 December 2015	3,310,867	0.100%	Co-chief executive officer and chief operating officer	Same as above	25%	1.49	1,233,298
				9,932,601	0.300%					3,699,894

Company name and stock code	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	Principal activities	Date of grant of award shares or restricted share units	Number of share award or restricted share units to directors and/or senior management (A)	Percentage of total number of share award or restricted share units to the total issued share capital (Note 2)	Position of individual grantees	Vesting status	Theoretical vesting for each year (B)	Market value of the share award or restricted share units per share/unit as at the date of grant (C) (HK\$)	Theoretical annualised fair value of the share award or restricted share units vested (D = A x B x C) (HK\$)
Honghua Group Limited (196)	1,200	Manufacture and sales of offshore drilling rigs and related parts and components, trading of parts and components of petroleum equipment and provision of oil and gas engineering services.	20 March 2013	2,150,000	0.066%	Director, president, substantial shareholder	50% of the restricted shares granted shall be vested on 20 May 2013 and the remaining 50% of the restricted shares granted shall be vested in on 20 December 2013.	100% (Note 5)	3.91	8,406,500
			20 March 2013	1,380,000	0.043%	Director, vice president, substantial shareholder	Same as above	100% (Note 5)	3.91	5,395,800
			20 March 2013	1,250,000	0.039%	Director, vice president, substantial shareholder	Same as above	100% (Note 5)	3.91	4,887,500
			20 March 2013	1,200,000	0.037%	Vice president	Same as above	100% (Note 5)	3.91	4,692,000
			20 March 2013	1,150,000	0.036%	Vice president	Same as above	100% (Note 5)	3.91	4,496,500
				<u>7,130,000</u>	<u>0.221%</u>					<u>27,878,300</u>

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Chinese People Holdings Company Limited (681) (Note 6)	465	Sales and distribution of fuel gas including the provision of piped gas, sales and distribution of cylinder gas and production and sales of barrelled drinking water in the PRC	27 July 2016	15,000,000	0.216%	Deputy chairman of the board and executive director	Vested on 30 September 2017	100%	0.115	1,725,000
			27 July 2016	69,000,000	0.994%	Deputy chairman of the board and executive director	Same as above	100%	0.115	7,935,000
			27 July 2016	22,000,000	0.317%	Managing director and executive director	Same as above	100%	0.115	2,530,000
			27 July 2016	20,000,000	0.288%	Chief strategy officer, retired as a non-executive director after the conclusion of annual general meeting of the company held on 9 September 2016	Same as above	100%	0.115	2,300,000
			27 July 2016	5,000,000	0.072%	Independent non-executive director	Same as above	100%	0.115	575,000
			27 July 2016	5,000,000	0.072%	Independent non-executive director	Same as above	100%	0.115	575,000
			27 July 2016	5,000,000	0.072%	Independent non-executive director	Same as above	100%	0.115	575,000
				<u>141,000,000</u>	<u>2.031%</u>					<u>16,215,000</u>

Company name and stock code	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	Principal activities	Date of grant of award shares or restricted share units	Number of share award or restricted share units to directors and/or senior management (A)	Percentage of total number of share award or restricted share units to the total issued share capital (Note 2)	Position of individual grantees	Vesting status	Theoretical vesting for each year (B)	Market value of the share award or restricted share units per share/unit as at the date of grant (C) (HK\$)	Theoretical annualised fair value of the share award or restricted share units vested (D = A x B x C) (HK\$)
The Company	6,415	Operating and investment in power plants, provision of power plant operation services, provision of design, technical and consultation services	15 October 2021	4,000,000	0.047%	Executive Director and Chief Executive Officer	25% of the Connected Award Shares shall be vested on 15 February 2022, 2023, 2024 and 2025 (or in the event that such date is not a Business Day, the first Business Day thereafter)	25%	0.81	810,000
				4,000,000	0.047%	Executive Director and Chief Financial Officer	Same as above	25%	0.81	810,000
				4,000,000	0.047%	Executive Director and vice president	Same as above	25%	0.81	810,000
				4,000,000	0.047%	Executive Director and vice president	Same as above	25%	0.81	810,000
				1,500,000	0.018%	Non-executive Director	Same as above	25%	0.81	303,750
							The Connected Comparable Grants			
							Maximum	100%		12,645,938
							Minimum	25%		216,000
							Average			2,493,855

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				1,000,000	0.012%	Independent non-executive Director	Same as above	25%	0.81	202,500
				1,000,000	0.012%	Independent non-executive Director	Same as above	25%	0.81	202,500
				1,000,000	0.012%	Independent non-executive Director	Same as above	25%	0.81	202,500
				1,000,000	0.012%	Independent non-executive Director	Same as above	25%	0.81	202,500
				2,200,000	0.026%	Vice President and director of Significant Subsidiaries	Same as above	25%	0.81	445,500
				2,200,000	0.026%	Vice President and director of Significant Subsidiaries	Same as above	25%	0.81	445,500
				1,800,000	0.021%	Vice President and director of Significant Subsidiaries	Same as above	25%	0.81	364,500
				1,800,000	0.021%	Financial Controller and director of Significant Subsidiaries	Same as above	25%	0.81	364,500

Company name and stock code	Market capitalisation as at the Latest Practicable Date	Principal activities	Date of grant of award shares or restricted share units	Number of share award or restricted share units to directors and/or senior management (A)	Percentage of total number of share award or restricted share units to the total issued share capital (Note 2)	Position of individual grantees	Vesting status	Theoretical vesting for each year (B)	Market value of the share award or restricted share units per share/unit as at the date of grant (C)	Theoretical annualised fair value of the share award or restricted share units vested (D = A x B x C)
				1,200,000	0.014%	Assistant to Chief Executive Officer and director of Significant Subsidiaries	Same as above	25%	0.81	243,000
				1,200,000	0.014%	Investment director and son of Mr. Liu Shunxing	Same as above	25%	0.81	243,000
				<u>31,900,000</u>	<u>0.373%</u>					<u>6,459,750</u>
							The Company			810,000
							Maximum			202,500
							Minimum			

Source: Annual reports, announcements and circulars of the companies

Notes:

1. Closing market capitalisation of the companies are sourced from Bloomberg as at the Latest Practicable Date.
2. The percentage is calculated with reference to the total issued share capital as disclosed in the then latest monthly return published on the website of the Stock Exchange.
3. For comparison purpose, KPI-linked restricted share units are not taken into account.
4. As the award units are not vested evenly over the vesting period, theoretical vesting for each year is assumed to be the portion of award units vested in the first year after the grant.
5. As all the award units were vested in 2013, theoretical vesting for each year is assumed to be 100% of award units vested.
6. The vesting period represents the period from the date of fulfilment of the conditions precedent (mainly include approval by independent shareholders) of the grant of award shares to 30 September 2017. The grant was approved by independent shareholders at the special general meeting held on 14 October 2016. For comparison purpose, theoretical vesting for each year is assumed to be 100%.

The percentage of the Connected Award Shares to be vested in each year is 25%, which falls within the range shown by the Connected Comparable Grants in the table above. The theoretical annualised fair value of the Connected Award Shares granted to each of the Connected Grantees ranging from approximately HK\$0.2 million to HK\$0.8 million falls within the range shown by the Connected Comparable Grants and is far below the average of approximately HK\$2.5 million. On this basis, we considered the vesting period and monetary value of the grant of the Connected Award Shares to be acceptable.

In addition, we have obtained and reviewed schedules of total remuneration package of the Connected Grantees. We have compared the total remuneration package of the Connected Grantees who are Directors to directors of the Comparable Grantors set out in “Table 3: List of Connected Comparable Grants” above. Based on (i) the schedules of total remuneration package of the Connected Grantees provided by the Company; and (ii) the latest annual reports of the Comparable Grantors, we noted that the total remuneration package of the Connected Grantees who are Directors (calculated based on the sum of salary, retirement benefit and the annualised value of the Award Shares) range from approximately HK\$0.5 million to HK\$5.5 million, whereas the total remuneration package of directors of the Comparable Grantors as disclosed in respective annual reports range from nil to approximately HK\$14.8 million. We noted that the total remuneration package of the Connected Grantees who are Directors are within the range of the total remuneration package of directors of the Comparable Grantors.

We have further compared the total remuneration package of the Connected Grantees who are Directors to directors of the Renewable Electricity Comparable Companies (as defined below).

Taking into consideration the Company is principally engaged in the renewable electricity industry with a market capitalisation of approximately HK\$6.4 billion as at the Latest Practicable Date, we have identified a list of comparable companies (the “**Renewable Electricity Comparable Companies**”) where,

- (i) they are listed on the Main Board of the Stock Exchange;
- (ii) they are principally engaged in the renewable electricity sector under GICS sourced from Bloomberg; and
- (iii) their market capitalisations are between HK\$5 billion and HK\$8 billion.

Based on the above criteria, we have identified an exhaustive list of four Renewable Electricity Comparable Companies. We consider four Renewable Electricity Comparable Companies, involving 49 directors in total, provide sufficient samples as general benchmark for reaching a meaningful comparison of the total remuneration package of the Connected Grantees who are Directors to those directors of the Renewable Electricity Comparable Companies.

Set out below are four Renewable Electricity Comparable Companies together with the relevant market capitalisation and the range of total remuneration of their directors as disclosed in the respective annual reports, the information of which we consider, to the best of our knowledge and ability, to be a fair and representative sample for the purpose of arriving at a meaningful comparison to the total remuneration of the Connected Grantees who are the Directors.

Table 4: List of total remuneration of directors of the Renewable Electricity Comparable Companies

Company name	Stock code	Principal business activities	Market capitalisation as at the Latest Practicable Date (HK\$' billion)	Range of total remuneration of the directors for the latest financial year (HK\$' million)
GCL New Energy Holdings Limited	451	The company through its subsidiaries, offers solar plant operation and maintenance. The company also offers energy storage technology, micro-grid and intelligent integration capabilities.	6.3	0.1 to 7.9
Beijing Energy International Holding Co., Ltd.	686	The company operates solar power plant construction businesses and provides solar energy projects development, solar energy projects investment, solar power plant management, and other services. The company also operates wind power station development, hydroelectric power generation, and other businesses.	5.7	Nil to 1.3
China Everbright Greentech Limited	1257	The company operates green technology businesses and runs biomass direct combustion, biomass power generation, and other businesses. The company offers hazardous waste treatment, renewable energy development, and other related services.	5.6	Nil to 4.2
Beijing Enterprises Clean Energy Group Limited	1250	The company provides renewable energy services and operates photovoltaic power and wind power businesses. The company also involves in energy storage, micro-grid network, electricity sales, geothermal power generation, regional energy systems, and other new energy fields.	5.6	0.2 to 10.6

Sources: the Stock Exchange and Bloomberg

Based on the information provided by the Company, we noted that the total remuneration package of the Connected Grantees who are Directors ranging from approximately HK\$0.3 million to HK\$5.5 million are within the range of the total remuneration package of the directors of the Renewable Electricity Comparable Companies ranging from nil to approximately HK\$10.6 million as set out in the table above. Considering (i) the Renewable Electricity Comparable Companies are principally engaged in renewable electricity sector under GICS sourced from Bloomberg; (ii) the market capitalisations of the Renewable Electricity Companies are similar to the Company's market capitalisation; (iii) the remuneration information of the directors of the Renewable Electricity Comparable

Companies were extracted from the latest published documents which represents the latest market information available; and (iv) the total remuneration package of each of the Connected Grantees who is also a Director, is within the range of the total remuneration of the directors of the Renewable Electricity Comparable Companies, we are of the view the remuneration of each of the Connected Grantees, who is a Director, is reasonable.

Given the fact that (i) the total remuneration of the Grantees who are Directors are within the range of those of the directors of the Comparable Grantors as set out in “Table 3: List of Connected Comparable Grants”; and (ii) the total remuneration of the Connected Grantees who are Directors are within the range of those of the directors of the Renewable Electricity Comparable Companies, we considered the total remuneration of the Connected Grantees who are Directors is in line with the market range in general.

6. Dilution effect to the Shareholders

Assuming the Grantees become fully entitled to all the Award Shares after the vesting period, the number of Shares to be issued during the four-year period would be limited to 59,100,000 Shares, or approximately 0.69% of the total issued Shares as at the Latest Practicable Date. As set out in the section headed “Effects on the Shareholding Structure” in the “Letter from the Board” contained in the Circular, the shareholding interests of public Shareholders will be diluted from approximately 65.50% as at the Latest Practicable Date to approximately 65.05% immediately after the issuance of the Award Shares (assuming no other change in the issued share capital of the Company). Hence, the Company is able to fulfil the public float requirement after the issuance of all the Award Shares. According to the calculation under Rule 7.27B of the Listing Rules, the theoretical dilution effect of the Awards is approximately 0.69%. The abovementioned dilution is considered immaterial in percentage terms and, in our view, acceptable so far as the Independent Shareholders are concerned considering the expected benefits to the Group as set out in this letter above.

7. Financial effects of the grant of the Award Shares

According to the Company’s 2021 interim report, the Group had cash and cash equivalents of approximately RMB1,346.0 million as at 30 June 2021. The issue of the Award Shares will have no effect on the cash flow of the Group other than the expenses to be incurred relating to the issue of the Award Shares.

The issue of the Award Shares will reduce the net profit of the Group after deducting the expenses resulting from issue of the Award Shares of approximately HK\$47.9 million in aggregate, which is calculated using the closing price of the Shares of HK\$0.81 per Share as at the date of grant (i.e. 15 October 2021).

DISCUSSION

The grant of the Connected Award Shares is conducted with the aim to recognise the Connected Grantees for their past contributions as well as to incentivise them for their continual support to the Group. We consider that, the retention of a stable and experienced senior management team is crucial for the long-term development and expansion of the Group. The grant of the Connected Award Shares, as compared to other incentive alternatives, is considered effective in achieving the above purpose without imposing additional pressure on the Group’s cash flow position.

We consider that the grant of the Award Shares (including the Connected Award Shares) is not significant in terms of their dilution effect to the Shareholders. The percentage of the Connected Award Shares to be vested in each year is 25%, which falls within the range of the Connected Comparable Grants. Further, as set out in the sub-section headed “Comparable grants of share awards and restricted share units” of this letter above, based on the closing price of the shares of the Company on the date of grant, the theoretical annualised fair value of the Connected Award Shares granted to each of the Connected Grantees falls within the range of the Connected Comparable Grants, which we consider to be acceptable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that (1) the grant of the Connected Award Shares is conducted in the ordinary and usual course of business of the Group; (2) the terms of the grant of the Connected Award Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (3) the grant of the Connected Award Shares is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the grant of the Connected Award Shares.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Stephanie Chow
Director

Ms. Stephanie Chow is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She has over thirteen years’ experience in the corporate finance industry.

Certain percentages in this letter have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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

(a) 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 Shares (%)
	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
Wang Feng	1,500,000 ⁽³⁾	—	—	1,500,000	0.02
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, 1,002,877,155 Shares were held by China Wind Power Investment Limited (“**CWPI**”) and 701,617,087 Shares were held by Splendor Power Limited. CWPI was wholly-owned by Permanent Growth Limited. Mr. Liu Shunxing held a 46.77% interest in Permanent Growth Limited and a 99% interest in Splendor Power Limited. Mr. Liu Shunxing beneficially held 27,000,000 Shares. As at the Latest Practicable Date, Mr. Liu Shunxing was deemed to have interest under the SFO in respect of 8,000,000 old Shares granted to him under the Scheme, which was held by the Trustee pending such Shares having been vested unto him.
- (2) As at the Latest Practicable Date, 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. As at the Latest Practicable Date, Ms. Liu Jianhong was deemed to have interest under the SFO in respect of 6,000,000 old Shares granted to her under the 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 Connected Award Shares conditionally granted to him/her under the Connected Award as mentioned in the paragraph head “Connected Awards” in the “Letter from the Board” in this circular.

(b) Directors’ other interests

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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 of 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. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular (the “Expert”):

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

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 2020 (being the date to which the latest published audited consolidated financial statements of the Group 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.

9. DOCUMENT ON DISPLAY

Copy of the Scheme is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnegroup.com) for a period of 14 days from the date of this circular.

10. 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 Wednesday, 15 December 2021 at Suite 3901, 39th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong to consider and, if thought fit, pass the following ordinary resolutions of the Company:

RESOLUTIONS

1. “**THAT** the grant of specific mandate to the directors of the Company (the “**Directors**”) regarding the allotment and issue of an aggregate of up to 31,900,000 new shares (the “**Connected Award Shares**”) to Acheson Limited (which is a company incorporated in Hong Kong with limited liability) to hold upon trust for the Connected Grantees (as defined in the circular of the Company dated 26 November 2021 (the “**Circular**”) for such number of the Connected Award Shares as detailed in the Circular in accordance with the terms of the Scheme (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified, and any one or two Directors be and are hereby authorised to do all such acts and execute all such documents as he/she/they may in his/her/their absolute discretion deem necessary or desirable to give effect to the transactions contemplated thereunder.”
- 2A. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 4,000,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Gui Kai be and is hereby approved, confirmed, authorised and ratified.”
- 2B. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 4,000,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Niu Wenhui be and is hereby approved, confirmed, authorised and ratified.”
- 2C. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 4,000,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Zhai Feng be and is hereby approved, confirmed, authorised and ratified.”
- 2D. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 4,000,000 Connected Award Shares (as defined in the said resolution no.1) to Ms. Shang Jia be and is hereby approved, confirmed, authorised and ratified.”

* For identification purposes only

NOTICE OF SGM

- 2E. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,500,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Wang Feng be and is hereby approved, confirmed, authorised and ratified.”
- 2F. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,000,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Yap Fat Suan, Henry be and is hereby approved, confirmed, authorised and ratified.”
- 2G. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,000,000 Connected Award Shares (as defined in the said resolution no.1) to Dr. Jesse Zhixi Fang be and is hereby approved, confirmed, authorised and ratified.”
- 2H. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,000,000 Connected Award Shares (as defined in the said resolution no.1) to Ms. Huan Jian be and is hereby approved, confirmed, authorised and ratified.”
- 2I. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,000,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Zhang Zhong be and is hereby approved, confirmed, authorised and ratified.”
- 2J. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 2,200,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Wang Xigang be and is hereby approved, confirmed, authorised and ratified.”
- 2K. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 2,200,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Gui Bo be and is hereby approved, confirmed, authorised and ratified.”
- 2L. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,800,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Zhou Xiaole be and is hereby approved, confirmed, authorised and ratified.”
- 2M. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,800,000 Connected Award Shares (as defined in the said resolution no.1) to Ms. Yang Xiaohong be and is hereby approved, confirmed, authorised and ratified.”
- 2N. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,200,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Liu Ruiqing be and is hereby approved, confirmed, authorised and ratified.”
- 2O. “**THAT** conditional upon the passing of the resolution no.1 mentioned in this notice, the grant of 1,200,000 Connected Award Shares (as defined in the said resolution no.1) to Mr. Liu Ning be and is hereby approved, confirmed, authorised and ratified.”

NOTICE OF SGM

3. **“THAT** the grant of specific mandate to the directors of the Company (the **“Directors”**) regarding the allotment and issue of 27,200,000 new shares (the **“Non-connected Award Shares”**) to Acheson Limited (which is a company incorporated in Hong Kong with limited liability) to hold upon trust for the Non-connected Grantees (as defined in the circular of the Company dated 26 November 2021 (the **“Circular”**)) for such number of the Non-connected Award Shares as determined by the Directors and the transactions contemplated thereunder, be and are hereby approved, confirmed, authorised and ratified, and any one or two Directors be and are hereby authorised to do all such acts and execute all such documents as he/she/they may in his/her/their absolute discretion deem necessary or desirable to give effect to the transactions contemplated thereunder.”

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

Hong Kong, 26 November 2021

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/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 Wednesday, 15 December 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.