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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF COMPANIES

The Board is pleased to announce that after trading hour on 22 September 2020:

- (a) Yongzhou Jiepai (a wholly owned subsidiary of the Company) entered into the Disposal-A Agreement to sell to Zhuhai Port Risen a 100% interest in Anhui Tianyang at the Consideration A; and
- (b) Century Concord (a wholly owned subsidiary of the Company) entered into the Disposal-B Agreement to sell to Zhuhai Port Risen a 49% interest in Suqian Century Concord at the Consideration B.

As the highest Applicable Percentage Ratio for the Disposal Agreements as a whole is more than 5% but less than 25%, the entering into the Disposal Agreements as a whole constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after trading hour on 22 September 2020:

- (a) Yongzhou Jiepai (a wholly owned subsidiary of the Company) entered into the Disposal-A Agreement to sell to Zhuhai Port Risen a 100% interest in Anhui Tianyang at the Consideration A; and
- (b) Century Concord (a wholly owned subsidiary of the Company) entered into the Disposal-B Agreement to sell to Zhuhai Port Risen a 49% interest in Suqian Century Concord at the Consideration B.

Details of the Disposal Agreements are set out below.

DISPOSAL-A AGREEMENT

The principal terms of the Disposal-A Agreement are summarised as follows:

Date : 22 September 2020

Parties : (i) Yongzhou Jiepai as the seller
(ii) Zhuhai Port Risen as the purchaser
(iii) Anhui Tianyang
(iv) Tianchang Juhe

Anhui Tianyang and Tianchang Juhe have entered into this agreement as covenantors to undertake to assist in the completion of the Disposal-A Agreement.

Subject matter : Sale Share A, representing a 100% interest in the registered capital of Anhui Tianyang, which is amounted to RMB115.81 million (approximately HK\$131.60 million).

The parties agree that Anhui Tianyang shall pay a dividend of RMB38 million (approximately HK\$43.18 million) to Yongzhou Jiepai within 10 working days after the date of the industrial and commercial change registration for the Disposal-A (the “**Disposal-A Registration**”).

Consideration

The Consideration A, which is payable by Zhuhai Port Risen for the purchase of the Sale Share A, shall be approximately RMB181.87 million (approximately HK\$206.67 million). The Consideration A was arrived at after arm’s length negotiation between the parties and was determined with reference to the financial position and business prospects of Anhui Tianyang.

In the event that during the period commencing from 30 April 2020 and ending on the date of the Disposal-A Registration:

- (1) Anhui Tianyang Group Companies have incurred non-operating expenditures which leads to the total consolidated liabilities of Anhui Tianyang Group Companies exceeded the amount previously agreed by Zhuhai Port Risen and Yongzhou Jiepai; and/or
- (2) the cash balance of Tianchang Juhe as at the date of the Disposal-A Registration is less than an amount equal to: (i) the sum of the cash balance of Tianchang Juhe as at 30 April 2020 plus the total amount of electricity charges received by it from power grid company during the aforesaid period, minus (ii) its operating expense and reduction of liabilities during that period,

the Consideration A shall be reduced by the same amount of the excess in total consolidated liabilities as mentioned in sub-paragraph (1) above and/or by the same amount of the shortfall in cash balance as mentioned in sub-paragraph (2) above.

Effective date

The Disposal-A Agreement shall take effect upon the approvals from the board and shareholders of Zhuhai Port Risen in respect of the Disposal-A having been obtained.

Completion and Payment terms

The Consideration A shall be paid by Zhuhai Port Risen to Yongzhou Jiepai in cash in the following manner:

1. within 10 working days from the effective day of the Disposal-A Agreement, 20% of the Consideration A, being approximately RMB36.37 million (approximately HK\$41.33 million), shall be paid;
2. within 7 working days from the fulfillment of the following conditions, 70% of the Consideration A, being approximately RMB127.31 million (approximately HK\$144.67 million), shall be paid:
 - (a) all corporate documents (except business licences and company seals) of Anhui Tianyang and Tianchang Juhe having been delivered to Zhuhai Port Risen;
 - (b) the Disposal-A Registration having been completed by the relevant government department, provided that the Disposal-A Registration shall not be proceeded with unless the following conditions (the “**Registration-A Conditions**”) having been fulfilled (or waived by Zhuhai Port Risen):
 - (i) the quality assurance agreement from a wind turbine supplier (an independent third party) in respect of the wind power electricity generation equipment and ancillary equipment of Tianchang Juhe having been obtained;
 - (ii) the confirmations from the relevant government departments that there being no material non-compliance of laws and regulations by Tianchang Juhe having been obtained; and
 - (iii) the consent of the relevant bank in respect of the change in the shareholding of Anhui Tianyang Group Companies having been obtained.

If any of the Registration-A Conditions have not been fulfilled (or waived by Zhuhai Port Risen) within 60 days after the date of the Disposal-A Agreement, either party thereto may terminate the Disposal-A Agreement; and

- (c) the legal representatives, directors, supervisors of Anhui Tianyang and Tianchang Juhe having been changed to those persons nominated by Zhuhai Port Risen; and
3. within 10 working days from the fulfillment of the following conditions, 10% of the Consideration A, being approximately RMB18.19 million (approximately HK\$20.67 million), shall be paid:
- (a) the Tianchang City Yangcun Wind Power Project* (天長市楊村風電場項目) (the “**Tianchang Project**”) having been enlisted to the renewable energy power generation project subsidy list by the State Grid Corporation of China* (國家電網有限公司); and
- (b) Tianchang Juhe having completed the final acceptance of the construction of the Tianchang Project.

DISPOSAL-B AGREEMENT

The principal terms of the Disposal-B Agreement are summarised as follows:

Date : 22 September 2020

Parties : (i) Century Concord as the seller

: (ii) Zhuhai Port Risen as the purchaser

Subject matter : Sale Share B, representing a 49% interest in the registered capital of Suqian Century Concord, which is amounted to RMB14.7 million (approximately HK\$16.70 million).

Consideration

The Consideration B, which is payable by Zhuhai Port Risen for the purchase of the Sale Share B, shall be approximately RMB52.44 million (approximately HK\$59.59 million). The Consideration B was arrived at after arm’s length negotiation between the parties and was determined with reference to the financial position and business prospects of Suqian Century Concord.

Effective date

The Disposal-B Agreement shall take effect upon the approvals from the board and shareholders of Zhuhai Port Risen in respect of the Disposal-B having been obtained.

Completion and Payment terms

The Consideration B shall be paid by Zhuhai Port Risen to Century Concord in cash in the following manner:

1. within 10 working days from the effective day of the Disposal-B Agreement, 20% of the Consideration B, being approximately RMB10.49 million (approximately HK\$11.92 million), shall be paid;
2. within 10 working days from the fulfillment of the following conditions, 50% of the Consideration B, being approximately RMB26.22 million (approximately HK\$29.80 million), shall be paid:
 - (a) the industrial and commercial change registration for the Disposal-B having been completed by the relevant government department, provided that the said registration shall not be proceeded with unless the following conditions (the “**Registration-B Conditions**”) having been fulfilled (or waived by Zhuhai Port Risen):
 - (i) the confirmations from the relevant government departments that there being no material non-compliance of laws and regulations by Tianchang Century having been obtained; and
 - (ii) the consent from the remaining 51%-shareholder of Suqian Century Concord (which is an independent third party) in respect of the Disposal B having been obtained.
 - If any of the Registration-B Conditions have not been fulfilled (or waived by Zhuhai Port Risen) within 60 days after the date of the Disposal-B Agreement, either party thereto may terminate the Disposal-B Agreement; and
 - (b) the legal representatives, directors, supervisors of Suqian Century Concord and Tianchang Century having been changed to those persons nominated by Zhuhai Port Risen; and
3. within 10 working days from the date of the Disposal-A Registration, 30% of the Consideration B, being approximately RMB15.73 million (approximately HK\$17.88 million), shall be paid.

INFORMATION OF ANHUI TIANYANG GROUP COMPANIES

Anhui Tianyang was established as a limited liability company on 30 June 2016. As at the date of this announcement, the registered capital of Anhui Tianyang is approximately RMB115.81 million (approximately HK\$131.60 million), which has been fully contributed and is wholly-owned by Yongzhou Jiepai. Tianchang Juhe was established as a limited liability company on 20 November 2015. As at the date of this announcement, Tianchang Juhe has a registered capital of approximately RMB115.81 million (approximately HK\$131.60 million), which is wholly-owned by Anhui Tianyang. Apart from its interest in Tianchang Juhe, Anhui Tianyang does not have any interest in other companies. Anhui Tianyang Group Companies are principally engaged in the investment and operation of the 48MW wind power plant in the Tianchang Project.

According to the unaudited consolidated financial statements of Anhui Tianyang for the two years ended 31 December 2019, the unaudited consolidated profit of Anhui Tianyang were as follows:

	For the year ended 31 December 2019 (unaudited) <i>RMB (million)</i>	For the year ended 31 December 2018 (unaudited) <i>RMB (million)</i>
Net profit before taxation	19.48	8.32
Net profit after taxation	19.48	8.32

The unaudited consolidated net asset value of Anhui Tianyang as at 31 December 2019 was approximately RMB143.61 million (approximately HK\$163.19 million). The unaudited consolidated net asset value of Anhui Tianyang as at 31 August 2020 was approximately RMB127.93 million (approximately HK\$145.37 million).

INFORMATION OF SUQIAN CENTURY CONCORD GROUP COMPANIES

Suqian Century Concord was established as a limited liability company on 24 October 2011. As at the date of this announcement, the registered capital of Suqian Century Concord is RMB30 million (approximately HK\$34.09 million), which has been fully contributed and is owned as to 49% (being RMB14.7 million (approximately HK\$16.70 million)) by Century Concord. Tianchang Century was established as a limited liability company on 2 March 2011. As at the date of this announcement, Tianchang Century has a registered capital of RMB55 million (approximately HK\$62.50 million), which is wholly-owned by Suqian Century Concord. Apart from its interest in Tianchang Century Concord, Suqian Century Concord does not have any interest in other companies. Suqian Century Concord is principally engaged in the investment and operation of a 9.3MW photovoltaic power plant in Suqian City, Jiangsu Province, the PRC. Tianchang Century is principally engaged in the investment and operation of a 48MW wind power project in Tianchang City, Anhui Province, the PRC.

According to the audited consolidated financial statements of Suqian Century Concord for the two years ended 31 December 2019, the audited consolidated profit of Suqian Century Concord were as follows:

	For the year ended 31 December 2019 (audited) <i>RMB (million)</i>	For the year ended 31 December 2018 (audited) <i>RMB (million)</i>
Net profit before taxation	11.47	17.34
Net profit after taxation	8.68	12.79

The audited consolidated net asset value of Suqian Century Concord as at 31 December 2019 was approximately RMB60.70 million (approximately HK\$78.83 million). The unaudited consolidated net asset value of Suqian Century Concord as at 31 August 2020 was approximately RMB69.41 million (approximately HK\$78.88 million).

GENERAL INFORMATION

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

Both Yongzhou Jiepai and Century Concord are investment holding companies.

Zhuhai Port Risen is principally engaged in port logistics, comprehensive development of port logistics real estate, investment in power and energy. Zhuhai Port Risen is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government.

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

FINANCIAL EFFECTS OF THE DISPOSALS

The Company estimates that for the Disposal-A, the Company would recognise an unaudited gain of approximately RMB56.14 million (approximately HK\$63.80 million) from the Disposal-A, being the sum of: (i) the amount equal to the Consideration A minus the unaudited consolidated net asset value of Anhui Tianyang as at 31 August 2020; and (ii) the recognition of unrealised profits of previous transactions between the Group on the one part and Anhui Tianyang and Tianchang Juhe on the other part. The Company estimates that for the Disposal-B, the Company would recognise an unaudited gain of approximately RMB25.13 million (approximately HK\$28.56 million) from the Disposal-B, being the sum of: (i) the amount equal to the Consideration B minus the unaudited consolidated net asset value of Suqian Century Concord as at 31 August 2020 attributable to the 49% interest owned by Century Concord; and (ii) the recognition of unrealised profits of previous transactions between the Group on the one part and Suqian Century Concord and Tianchang Century on the other part. Based on the above, the total estimated disposal gains under the Disposals is approximately RMB81.27 million (approximately HK\$92.35 million). The actual gains arising from the Disposals to be recorded are subject to audit and may be different from the above estimated amounts as the actual gains will depend on, amongst other factors, the actual consolidated net asset values of Anhui Tianyang and Suqian Century Concord as at completion of the Disposal-A Agreement and the Disposal-B Agreement respectively.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group has adopted a “build-and-sell” strategy whereby the Group builds power plants and disposes of its interests in the power plants upon completion or operation of the power plants. The Directors consider that the “build-and-sell” strategy allows the Group to fully leverage its strengths in wind and solar power development and power plant construction so as to attain a more attractive return on its investments, enhance the Group’s cash flow return, reduce the debt ratio to support the Company’s subsequent healthy and rapid development. The Directors consider that the Disposals will enhance the Company’s cashflow position, and provide additional capital resources for the Company to capture other investment opportunities. The proceeds generated from the Disposals will be used for general working capital and future business developments of the Group.

The Board considers that the terms of the Disposals are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest Applicable Percentage Ratio for the Disposal Agreements as a whole is more than 5% but less than 25%, the entering into the Disposal Agreements as a whole constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Anhui Tianyang”	Anhui Tianyang Energy Science & Technology Development Co., Ltd.* (安徽天楊能源科技發展有限公司), a company established in the PRC with limited liability, which is wholly owned by Yongzhou Jiepai as at the date of this announcement;
“Anhui Tianyang Group Companies”	Anhui Tianyang and its subsidiary, namely Tianchang Juhe;
“Applicable Percentage Ratio”, “connected person” and “subsidiary”	have the meanings ascribed to them under the Listing Rules;
“Board”	board of Directors;
“Century Concord”	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company;
“Company”	Concord New Energy Group Limited (協合新能源集團有限公司*) (Stock code: 182), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange;
“Consideration A”	the purchase price payable for the purchase of the Sale Share A;
“Consideration B”	the purchase price payable for the purchase of the Sale Share B;
“Director(s)”	the director(s) of the Company;
“Disposal Agreements”	the Disposal-A Agreement and the Disposal-B Agreement;
“Disposal-A”	the disposal of the Sale Share A by Yongzhou Jiepai to Zhuhai Port Risen;
“Disposal-A Agreement”	the share transfer agreement dated 22 September 2020 between Yongzhou Jiepai, Zhuhai Port Risen, Anhui Tianyang and Tianchang Juhe for the Disposal-A;

“Disposal-B”	the disposal of the Sale Share B by Century Concord to Zhuhai Port Risen;
“Disposal-B Agreement”	the share transfer agreement dated 22 September 2020 between Century Concord and Zhuhai Port Risen for the Disposal-B;
“Disposals”	the Disposal-A and the Disposal-B;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	megawatt;
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share A”	a 100% interest in the registered capital of Anhui Tianyang;
“Sale Share B”	a 49% interest in the registered capital of Suqian Century Concord;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suqian Century Concord”	Suqian Century Concord New Energy Co., Ltd.* (宿遷協合新能源有限公司), a company established in the PRC with limited liability, which is owned as to 49% by Century Concord as at the date of this announcement;
“Suqian Century Concord Group Companies”	Suqian Century Concord and its subsidiary, namely Tianchang Century;
“Tianchang Century”	Tianchang Century Concord Wind Power Co., Ltd.* (天長協合風力發電有限公司), a company established in the PRC with limited liability, which is wholly owned by Suqian Century Concord;

“Tianchang Juhe”	Tianchang Juhe Wind Power Co., Ltd.* (天長聚合風力發電有限公司), a company established in the PRC with limited liability, which is wholly owned by Anhui Tianyang;
“Yongzhou Jiepai”	Yongzhou Jiepai Century Concord Wind Power Co., Ltd.* (永州界牌協合風力發電有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company;
“Zhuhai Port Risen”	Zhuhai Port Risen Energy Co., Ltd.* (珠海港昇新能源股份有限公司), a joint stock limited company established in the PRC and listed on the National Equities Exchange and Quotations System in the PRC; and
“%”	per cent.

For the purposes of this announcement, the exchange rates of HK\$1.00=RMB0.88 has been used for currency translation. Such exchange rates are for illustration purposes only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such rate.

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

Hong Kong, 22 September 2020

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Gui Kai (Chief Executive Officer), Mr. Niu Wenhui, Dr. Shang Li and Mr. Zhai Feng (all of above are executive Directors), Mr. Wang Feng (who is a non-executive Director), and Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).

* *For identification purposes only*