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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 PURCHASE OF WIND POWER EQUIPMENT

PURCHASE CONTRACTS

The Board is pleased to announce that after trading hours on 6 April 2022:

- (a) Purchaser A (being a wholly-owned subsidiary of the Company) entered into the Purchase Contract A with the Supplier, pursuant to which the Purchaser A shall purchase the Wind Power Equipment A from the Supplier at the Consideration A; and
- (b) Purchaser B (being a wholly-owned subsidiary of the Company) entered into the Purchase Contract B with the Supplier, pursuant to which the Purchaser B shall purchase the Wind Power Equipment B from the Supplier at the Consideration B.

LISTING RULES IMPLICATION

As the highest Applicable Percentage Ratio for the Transactions collectively exceeds 5% but is less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after trading hours on 6 April 2022, the Purchaser A entered into the Purchase Contract A with the Supplier and the Purchaser B entered into the Purchase Contract B with the Supplier, details of which are set out below.

PURCHASE CONTRACT A

The principal terms of the Purchase Contract A are as follows:

- Date : 6 April 2022
- Parties : (i) the Purchaser A as the purchaser; and
(ii) the Supplier as the supplier.
- Assets to be purchased : The Wind Power Equipment A with a total power output capacity of 350 MW to be used for the Wind Power Project A.
- Consideration : The Consideration A payable by the Purchaser A to the Supplier for the purchase of the Wind Power Equipment A is approximately RMB730.97 million (approximately HK\$902.43 million) (inclusive of value added tax). The Consideration A also includes fees for technical services, technical documentation, delivery and insurance charges, and other miscellaneous charges.

The Consideration A was agreed after arm's length negotiation between the Purchaser A and the Supplier with reference to the market price of the major equipment and components of the Wind Power Equipment A.

If the market price of the equipment and components of the Wind Power Equipment A as at the day of the production schedule notice issued by the Purchaser A is lower than the price of the same specified in the Purchase Contract A, the Consideration A would be adjusted with reference to the lowest market price of the same.

- Payment terms : The Consideration A shall be paid by the Purchaser A by five instalments in the following manner based on the stages of completion of the Purchase Contract A:
- (a) Advance payment: 10% of the Consideration A shall be paid within 25 days after the Supplier having provided the Performance Guarantee A mentioned below to the Purchaser A;

- (b) Pre-delivery payment: 20% of the Consideration A shall be paid within 25 days after the Supplier having provided to the Purchaser A the purchase contracts of the major component of the Wind Power Equipment A and the delivery arrival schedule for the Wind Power Equipment A;
- (c) Delivery progress payment: 35% of the Consideration A shall be paid within 25 days after the Supplier having provided supporting documents to the Purchaser A in respect of the delivery of the Wind Power Equipment A;
- (d) Pre-inspection payment: 25% of the Consideration A shall be paid within 25 days after the Wind Power Equipment A having passed the pre-inspection as specified in the Purchase Contract A; and
- (e) Warranty payment: 10% of the Consideration A shall be paid within 40 days after the Wind Power Equipment A having passed the final inspection as specified in the Purchase Contract A.

It is expected that all the Wind Power Equipment A shall be delivered to the Purchaser A on or before 31 December 2022. The Consideration A shall be payable in cash, which will be financed by internal resources and/or borrowings of the Group.

Performance guarantee and warranty : Within 15 days from the date of the Purchase Contract A, the Supplier shall provide an irrevocable performance guarantee (the “**Performance Guarantee A**”) for an amount equal to 10% of the Consideration A issued by a bank (which is an independent third party) in favour of the Purchaser A to secure the Supplier’s due performance of its obligations under the Purchase Contract A. The Performance Guarantee A shall lapse on the first day of the warranty period of the Wind Power Equipment A.

The Supplier will provide a warranty period of five years in respect of the Wind Power Equipment A.

PURCHASE CONTRACT B

The principal terms of the Purchase Contract B are as follows:

- Date : 6 April 2022
- Parties : (i) the Purchaser B as the purchaser; and
(ii) the Supplier as the supplier.
- Assets to be purchased : The Wind Power Equipment B with a total power output capacity of 100 MW to be used for the Wind Power Project B.
- Consideration : The Consideration B payable by the Purchaser B to the Supplier for the purchase of the Wind Power Equipment B is RMB219.8 million (approximately HK\$271.36 million) (inclusive of value added tax). The Consideration B also includes fees for technical services, technical documentation, delivery and insurance charges, and other miscellaneous charges.

The Consideration B was agreed after arm's length negotiation between the Purchaser B and the Supplier with reference to the market price of the major equipment and components of the Wind Power Equipment B.

If the market price of the equipment and components of the Wind Power Equipment B before the production schedule notice is issued by the Purchaser B is lower than the price of the same specified in the Purchase Contract B, the Consideration B would be adjusted with reference to the lowest market price of the same.

- Payment terms : The Consideration B shall be paid by the Purchaser B by five instalments in the following manner based on the stages of completion of the Purchase Contract B:
- (a) Advance payment: 10% of the Consideration B shall be paid within 25 days after the Supplier having provided the Performance Guarantee B mentioned below to the Purchaser B;

- (b) Pre-delivery payment: 20% of the Consideration B shall be paid within 25 days after the Supplier having provided to the Purchaser B the purchase contracts of the major component of the Wind Power Equipment B and the delivery arrival schedule for the Wind Power Equipment B;
- (c) Delivery progress payment: 35% of the Consideration B shall be paid within 25 days after the Supplier having provided supporting documents to the Purchaser B in respect of the delivery of the Wind Power Equipment B;
- (d) Pre-inspection payment: 25% of the Consideration B shall be paid within 25 days after the Wind Power Equipment B having passed the pre-inspection as specified in the Purchase Contract B; and
- (e) Warranty payment: 10% of the Consideration B shall be paid within 40 days after the Wind Power Equipment B having passed the final inspection as specified in the Purchase Contract B.

It is expected that all the Wind Power Equipment B shall be delivered to the Purchaser B on or before 31 December 2022. The Consideration B shall be payable in cash, which will be financed by internal resources and/or borrowings of the Group.

Performance guarantee and warranty : Within 15 days from the date of the Purchase Contract B, the Supplier shall provide an irrevocable performance guarantee (the “**Performance Guarantee B**”) for an amount equal to 10% of the Consideration B issued by a bank (which is an independent third party) in favour of the Purchaser B to secure the Supplier’s due performance of its obligations under the Purchase Contract B. The Performance Guarantee B shall lapse on the first day of the warranty period of the Wind Power Equipment B.

The Supplier will provide a warranty period of five years in respect of the Wind Power Equipment B.

INFORMATION OF THE PARTIES TO THE PURCHASE CONTRACTS

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.

The Purchaser A is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for new energy.

The Purchaser B is a wholly-owned subsidiary of the Company and is principally engaged in the trading of equipment for new energy.

The Supplier is principally engaged in the research, development and supply of wind power equipment in the PRC. Insofar as the Company is aware, the Supplier is a company listed on the Shanghai Stock Exchange (Stock code: 300772). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Supplier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

It is in the ordinary and usual course of business of the Group to build wind power plants in the PRC, including the Wind Power Project A and the Wind Power Project B. The Wind Power Equipment A to be acquired will be used for the Wind Power Project A and the Wind Power Equipment B to be acquired will be used for the Wind Power Project B.

The Group evaluated the terms of the Purchase Contracts based on, among other factors, the specifications and needs of the Wind Power Project A and the Wind Power Project B, the credentials and experience of the Supplier, the quality of the products and the services, the products warranty and the terms offered by other suppliers to the Group. The Directors consider that the terms of the Purchase Contracts are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

PREVIOUS PURCHASE CONTRACTS

On 13 April 2021, the Purchaser A and the Supplier entered into a purchase contract based on similar principal terms of the Purchase Contract A, pursuant to which the Purchaser A shall purchase from the Supplier the wind power equipment comprising wind turbines and ancillary equipment with a total power output capacity of 20 MW for the wind power project for the power plant of the Group situated in Xiangyang City, Hubei Province, the PRC (中國湖北省襄陽市) at a consideration of approximately RMB60.33 million (approximately HK\$74.48 million) (inclusive of value added tax). On 2 August 2021, the Purchaser A and the Supplier entered into a purchase contract based on similar principal terms of the Purchase Contract A, pursuant to which the Purchaser A shall purchase from the Supplier the wind power equipment comprising wind turbines and ancillary equipment with a total power output capacity of 50 MW for the wind power project for the power plant of the Group situated in Jianping County, Liaoning Province, the PRC (中國遼寧省建平縣) at a consideration of RMB129.69 million (approximately HK\$160.11 million) (inclusive of value added tax). The said two considerations also include fees for technical services, technical documentation, delivery and insurance charges, and other miscellaneous charges.

LISTING RULES IMPLICATION

As the highest Applicable Percentage Ratio for the Transactions collectively exceeds 5% but is less than 25%, the Transactions collectively constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules. The highest Applicable Percentage Ratio for the Previous Purchase Contracts on an aggregated basis is less than 5%. As the Previous Purchase Contracts were entered within a 12-month period before the date of the Purchase Contracts, the transactions contemplated under the Transactions and the Previous Purchase Contracts shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but less than 25%. Hence, the Transactions are not required to be reclassified by aggregating with the Previous Purchase Contracts.

DEFINITIONS

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

“Applicable Percentage Ratio”, “connected person(s)” and “subsidiary(ies)”	have the meanings ascribed to them under the Listing Rules;
“Board”	the board of Directors;
“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 consideration payable for the purchase of the Wind Power Equipment A;
“Consideration B”	the consideration payable for the purchase of the Wind Power Equipment B;
“Director(s)”	the director(s) of the Company;
“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 excludes, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan;
“Previous Purchase Contracts”	the previous purchase contracts as described in the paragraph headed “Previous Purchase Contracts” in this announcement;
“Purchaser A”	Haotai New Energy Equipment Co., Ltd.* (浩泰新能源裝備有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Purchaser B”	Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.* (天津協合華興風電裝備有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Purchase Contract A”	the purchase contract dated 6 April 2022 entered into between the Purchaser A and the Supplier for the purchase of the Wind Power Equipment A;
“Purchase Contract B”	the purchase contract dated 6 April 2022 entered into between the Purchaser B and the Supplier for the purchase of the Wind Power Equipment B;
“Purchase Contracts”	the Purchase Contract A and the Purchase Contract B;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplier”	Zhejiang Yunda Wind Power Co., Ltd.* (浙江運達風電股份有限公司), a company established in the PRC with limited liability;
“Transactions”	the purchase of the Wind Power Equipment A by the Purchaser A under the Purchase Contract A and the purchase of the Wind Power Equipment B by the Purchaser B under the Purchase Contract B;

“Wind Power Equipment A”	the wind power equipment (including wind turbines, electricity generation systems, control systems hardware and software, and other ancillary equipment) to be used for the Wind Power Project A;
“Wind Power Equipment B”	the wind power equipment (including wind turbines, electricity generation systems, control systems hardware and software, and other ancillary equipment) to be used for the Wind Power Project B;
“Wind Power Project A”	the 350 MW wind power project for the power plant of the Group situated in Kaiyuan City, Yunnan Province, the PRC (中國雲南省開遠市); and
“Wind Power Project B”	the 100 MW wind power project for the power plant of the Group situated in Xiangyang City, Hubei Province, the PRC (中國湖北省襄陽市).

For the purposes of this announcement, an exchange rate of HK\$1 = RMB0.81 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute any representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.

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

Hong Kong, 6 April 2022

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, Mr. Zhai Feng and Ms. Shang Jia (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*