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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 TRANSACTIONS DISPOSAL OF PROJECT COMPANIES**

The Board is pleased to announce that after trading hour on 17 June 2022:

- (a) Yongzhou Longhe (a wholly-owned subsidiary of the Company) entered into the Disposal I Agreement with CNNP to sell to CNNP the Sale Share I at the Consideration I; and
- (b) Yongzhou Longhe entered into the Disposal II Agreement with CNNP to sell to CNNP the Sale Share II at the Consideration II.

The Total Consideration under the Disposal Agreements is approximately RMB656.20 million (approximately HK\$763.02 million).

As the highest Applicable Percentage Ratio for the Disposals as a whole is more than 5% but less than 25%, the Disposals constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules, and are 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 17 June 2022, Yongzhou Longhe entered into the Disposal Agreements with CNNP for the Disposals. Details of the Disposals and the principal terms of the Disposal Agreements are set out below.

*\* For identification purposes only*

## **DISPOSAL I AGREEMENT**

Date: 17 June 2022

Parties: (i) Yongzhou Longhe as the seller;

(ii) CNNP as the purchaser; and

(iii) Fuchuan Concord as the covenantor to undertake to assist in the completion of the Disposal I Agreement.

Subject matter: Sale Share I, representing the 100% shareholding interest in Fuchuan Concord.

### **Consideration**

The Consideration I payable by CNNP for the purchase of the Sale Share I shall be RMB400 million (approximately HK\$465.12 million). All profit of Fuchuan Concord during the period from 28 February 2022 to the date of the Registration I shall be belonged to CNNP. The Consideration I was arrived at after arm's length negotiation between Yongzhou Longhe and CNNP with reference to (i) the financial position of Fuchuan Concord (such as the unaudited net asset value of Fuchuan Concord as at 28 February 2022 of approximately RMB164.41 million); (ii) the past business performance of Fuchuan Concord and its future business prospects; and (iii) the reasons and benefits set out in the section headed "Reasons for and Benefits of the Disposals" below.

### **Conditions**

The completion of the Registration I shall be conditional upon the fulfilment (or waiver by CNNP at its discretion) of the Conditions I as set out below:

- a. certification of no unpaid tax of Fuchuan Concord having been obtained;
- b. the finance company (which is an independent third party and the pledgee of the Sale Share I) having consented to the Disposal I, and released the pledge over the Sale Share I;
- c. the supplier of wind power equipment to Fuchuan Concord having entered into an agreement specified by the Disposal I Agreement for the provision of after sale services and warranty services by such supplier to Fuchuan Concord for such equipment;
- d. Fuchuan Concord having collected all the receivables owed by the affiliates of the Group as at 28 February 2022; and
- e. CNNP and Yongzhou Yonghe having completed all their internal decision procedures for the Disposal I Agreement.

If any of the Conditions I have not been fulfilled (or waived by CNNP at its discretion) within 30 days from the date of the Disposal I Agreement, the Registration I will not proceed, and the Disposal I Agreement shall cease to have any effect without any liabilities to any of the parties to the Disposal I Agreement. Completion of the Disposal I Agreement is not inter-conditional on the completion of the Disposal II Agreement.

### **Payment and Completion**

Subject to the fulfilment (or waiver by CNNP at its discretion) of the Conditions I, the Consideration I shall be paid by CNNP to Yongzhou Longhe in the following manner:

1. within 5 working days after the fulfillment of the following conditions, 55% of the Consideration I (i.e. RMB220 million) shall be paid to Yongzhou Longhe in cash:
  - a. the Registration I and the change to the articles of association of Fuchuan Concord having been completed, and a new business licence of Fuchuan Concord having been delivered to CNNP; and
  - b. within 5 working days after the Registration I, the change of tax registration for Fuchuan Concord having been completed.
2. within 5 working days after the fulfillment of the following conditions, 42% of the Consideration I (i.e. RMB168 million) shall be paid to Yongzhou Longhe in cash:
  - (a) all the other arrangements and procedure for the completion of the Registration I, and asset materials handover having been completed; and
  - (b) the audited report for the final accounts of construction completion having been delivered to CNNP.
3. within 5 working days after the fulfillment of the following conditions, 3% of the Consideration I (i.e. RMB12 million) shall be paid to Yongzhou Longhe in cash:
  - (a) the transition period audit report confirmed by Yongzhou Longhe and CNNP in respect of the financial affairs of Fuchuan Concord from 28 February 2022 to the date of the Registration I having been delivered to CNNP; and
  - (b) all outstanding qualification documents of Fuchuan Concord as required by the Disposal I Agreement having been obtained and delivered to CNNP.

Upon completion of the Registration I, the Company will cease to have any interests in Fuchuan Concord.

## **DISPOSAL II AGREEMENT**

Date: 17 June 2022

Parties: (i) Yongzhou Longhe as the seller;

(ii) CNNP as the purchaser; and

(iii) Fuchuan Concord Xinzaio as the covenantor to undertake to assist in the completion of the Disposal II Agreement.

Subject matter: Sale Share II, representing the 100% shareholding interest in Fuchuan Concord Xinzaio.

### **Consideration**

The Consideration II payable by CNNP for the purchase of the Sale Share II shall be RMB256.20 million (approximately HK\$297.91 million). All profit of Fuchuan Concord Xinzaio during the period from 28 February 2022 to the date of the Registration II shall be belonged to CNNP. The Consideration II was arrived at after arm's length negotiation between Yongzhou Longhe and CNNP with reference to (i) the financial position of Fuchuan Concord Xinzaio (such as the unaudited net asset value of Fuchuan Concord Xinzaio as at 28 February 2022 of approximately RMB104.79 million); (ii) the past business performance of Fuchuan Concord Xinzaio and its future business prospects; and (iii) the reasons and benefits set out in the section headed "Reasons for and Benefits of the Disposals" below.

### **Conditions**

The completion of the Registration II shall be conditional upon the fulfilment (or waiver by CNNP at its discretion) of the Conditions II as set out below:

- a. certification of no unpaid tax of Fuchuan Concord Xinzaio having been obtained;
- b. the finance company (which is an independent third party and the pledgee of the Sale Share II) having consented to the Disposal II, and released the guarantee given by Fuchuan Concord Xinzaio and the pledge over the Sale Share II;
- c. the supplier of wind power equipment to Fuchuan Concord Xinzaio having entered into an agreement specified by the Disposal II Agreement for the provision of after sale services and warranty services by such supplier to Fuchuan Concord Xinzaio for such equipment;
- d. Fuchuan Concord Xinzaio having collected all the receivables owed by the affiliates of the Group as at 28 February 2022; and
- e. CNNP and Yongzhou Longhe having completed all their internal decision procedures for the Disposal II Agreement.

If any of the Conditions II have not been fulfilled (or waived by CNNP at its discretion) within 50 days from the date of the Disposal II Agreement, the Registration II will not proceed, and the Disposal II Agreement shall cease to have any effect without any liabilities to any of the parties to the Disposal II Agreement. Completion of the Disposal II Agreement is not inter-conditional on the completion of the Disposal I Agreement.

### **Payment and Completion**

Subject to the fulfilment (or waiver by CNNP at its discretion) of the Conditions II, the Consideration II shall be paid by CNNP to Yongzhou Longhe in the following manner:

1. within 5 working days after the fulfillment of the following conditions, 55% of the Consideration II (i.e. RMB140.91 million) shall be paid to Yongzhou Longhe in cash:
  - a. the Registration II and the change to the articles of association of Fuchuan Concord Xinzaο having been completed, and a new business licence of Fuchuan Concord Xinzaο having been delivered to CNNP; and
  - b. within 5 working days after the Registration II, the change of tax registration for Fuchuan Concord Xinzaο having been completed.
2. within 5 working days after the fulfillment of the following conditions, 42% of the Consideration II (i.e. approximately RMB107.60 million) shall be paid to Yongzhou Longhe in cash:
  - (a) all the other arrangements and procedure for the completion of the Registration II, and asset materials handover having been completed; and
  - (b) the audited report for the final accounts of construction completion having been delivered to CNNP.
3. within 5 working days after the fulfillment of the following conditions, 3% of the Consideration II (i.e. approximately RMB7.69 million) shall be paid to Yongzhou Longhe in cash:
  - (a) the transition period audit report confirmed by Yongzhou Longhe and CNNP in respect of the financial affairs of Fuchuan Concord Xinzaο from 28 February 2022 to the date of the Registration II having been delivered to CNNP; and
  - (b) all outstanding qualification documents of Fuchuan Concord Xinzaο as required by the Disposal II Agreement having been obtained and delivered to CNNP.

Upon completion of the Registration II, the Company will cease to have any interests in Fuchuan Concord Xinzaο.

## INFORMATION OF FUCHUAN CONCORD

Fuchuan Concord was established as limited liability company in the PRC on 21 February 2012. Fuchuan Concord is principally engaged in the operation of its wind power plant projects of 96 MW in aggregate, which are situated in Fuchuan County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC. Set out below is the audited financial information of Fuchuan Concord for the two years ended 31 December 2021:

	For the year ended 31 December	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Net profit before taxation	48.96	77.53
Net profit after taxation	45.29	67.84

The audited net asset value of Fuchuan Concord as at 31 December 2021 was approximately RMB204.44 million (approximately HK\$237.72 million). The unaudited net asset value of Fuchuan Concord as at 28 February 2022 was approximately RMB164.41 million (approximately HK\$191.17 million).

## INFORMATION OF FUCHUAN CONCORD XINZAO

Fuchuan Concord Xinzaο was established as limited liability company in the PRC on 21 October 2013. Fuchuan Concord Xinzaο is principally engaged in the operation of its 47.55MW wind power plant project, which is situated in Fuchuan County, Hezhou City, Guangxi Zhuang Autonomous Region, the PRC. Set out below is the audited financial information of Fuchuan Concord Xinzaο for the two years ended 31 December 2021:

	For the year ended 31 December	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Net profit before taxation	27.84	34.95
Net profit after taxation	26.30	34.95

The audited net asset value of Fuchuan Concord Xinzaο as at 31 December 2021 was approximately RMB127.76 million (approximately HK\$148.56 million). The unaudited net asset value of Fuchuan Concord Xinzaο as at 28 February 2022 was approximately RMB104.79 million (approximately HK\$121.85 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.

Yongzhou Longhe is a wholly-owned subsidiary of the Company and is principally engaged in the investment and/or operation of wind power generation projects in the PRC.

Yongzhou Jiepai is a wholly-owned subsidiary of the Company and is principally engaged in the investment and/or operation of wind power generation projects in the PRC.

CNNP is principally engaged in the development and investment in wind, solar power, small and medium-sized hydro power generation. Insofar as the Company is aware, as at the date of this announcement, CNNP is wholly-owned by China National Nuclear Power Co., Ltd.\* (中國核能電力股份有限公司). To the best of the Directors' knowledge and belief after having made all reasonable enquiries, CNNP 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 it will recognise a total unaudited gain of approximately RMB356.54 million (approximately HK\$414.58 million) from the Disposals, being the amount equal to (i) the Total Consideration; minus (ii) the unaudited net asset values of Fuchuan Concord and Fuchuan Concord Xinzaos as at 31 May 2022; minus (iii) the unaudited goodwill of Fuchuan Concord and Fuchuan Concord Xinzaos as at 31 May 2022; adding (iv) the unaudited unrealised profits as at 31 May 2022 in respect of the previous transactions between the Group on the one part and any of Fuchuan Concord and of Fuchuan Concord Xinzaos on the other part. The actual gain arising from the Disposals to be recorded is subject to audit. The proceeds generated from the Disposals will be used as general working capital to finance the business operation and activities of the Group within its ordinary course of business, including the purchase of wind and photovoltaic power equipment.

## **REASONS FOR AND BENEFITS OF THE DISPOSALS**

The Group has adopted a “build and transfer” strategy, whereby the Group builds power plants and disposes of its interests in the power plants upon completion or operation of the power plants, and has continued to accelerate the replacement of renewable energy power projects, which have a long payment collection period. The Directors consider that the “build and transfer” 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 Board considers that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

## **PREVIOUS DISPOSAL**

On 29 September 2021, Yongzhou Jiepai entered into a disposal agreement with CNNP, pursuant to which CNNP acquired from Yongzhou Jiepai a 100% equity interest in Zaoyang Century Concord Wind Power Co., Ltd.\* (棗陽協合風力發電有限公司) at a consideration of RMB112.80 million (approximately HK\$131.16 million). The Company estimates that it has recognised an audited gain of approximately RMB37.14 million from the Previous Disposal. The industrial and commercial change registration for the Previous Disposal was completed on 9 November 2021. The net proceeds from the Previous Disposal have been used to finance the business operation and activities of the Group within its ordinary course of business, including the purchase of wind and photovoltaic power equipment, and the related auxiliary facilities.

## **IMPLICATIONS UNDER THE LISTING RULES**

The highest Applicable Percentage Ratio for the Disposals as a whole is more than 5% but less than 25%. Hence, the Disposals constitute discloseable transactions 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 of the Previous Disposal is less than 5%. As the Previous Disposal was conducted within a 12-month period before the date of the Disposal Agreements, the Disposals and the Previous Disposal shall be aggregated under Chapter 14 of the Listing Rules resulting in a highest Applicable Percentage Ratio on an aggregated basis exceeding 5% but not more than 25%. Hence, the Disposals are not required to be reclassified by aggregating with the Previous Disposal.

## **DEFINITIONS**

In this announcement, the following terms and expressions 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”	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;



“Conditions I”	the conditions precedent which have to be fulfilled (or waived by CNNP at its discretion) prior to the completion of the Registration I;
“Conditions II”	the conditions precedent which have to be fulfilled (or waived by CNNP at its discretion) prior to the completion of the Registration II;
“Consideration I”	the consideration payable by CNNP for the purchase of the Sale Share I;
“Consideration II”	the consideration payable by CNNP for the purchase of the Sale Share II;
“CNNP”	CNNP Rich Energy Corporation Limited* (中核滙能有限公司), a company established in the PRC with limited liability;
“Director(s)”	the director(s) of the Company;
“Disposal Agreements”	the Disposal I Agreement and the Disposal II Agreement;
“Disposal I”	the disposal of the Sale Share I by Yongzhou Longhe to CNNP;
“Disposal I Agreement”	the disposal agreement dated 17 June 2022 between Yongzhou Longhe, CNNP and Fuchuan Concord for the Disposal I;
“Disposal II”	the disposal of the Sale Share II by Yongzhou Longhe to CNNP;
“Disposal II Agreement”	the disposal agreement dated 17 June 2022 between Yongzhou Longhe, CNNP and Fuchuan Concord Xinzaio for the Disposal II;
“Disposals”	the Disposal I and the Disposal II;
“Fuchuan Concord”	Fuchuan Century Concord Wind Power Co., Ltd.* (富川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 Yongzhou Longhe as at the date of this announcement;
“Fuchuan Concord Xinzaio”	Fuchuan Century Concord Xinzaio Wind Power Co., Ltd.* (富川協合新造風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Yongzhou Longhe as at the date of this announcement;

“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;
“Previous Disposal”	the previous disposal of a project company by the Group to CNNP as set out in the paragraph headed “Previous Disposal” in this announcement;
“Registration I”	the industrial and commercial change registration for the Disposal I;
“Registration II”	the industrial and commercial change registration for the Disposal II;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share I”	the 100% shareholding interest in Fuchuan Concord;
“Sale Share II”	the 100% shareholding interest in Fuchuan Concord Xinzhao;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Consideration”	the Consideration I and the Consideration II;
“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;

“Yongzhou Longhe”

Yongzhou Longhe New Energy Technology Co., Ltd.\* (永州隆合新能源技術有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and

“%”

per cent.

*For the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.86 has been used for currency translation. Such exchange rate is 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, 17 June 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, Mr. Zhang Zhong and Ms. Li Yongli (who are independent non-executive Directors).*

*\* For identification purposes only*