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Concord New Energy Group Limited

協合新能源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 182)

MAJOR TRANSACTION PURCHASE OF WIND POWER EQUIPMENT

The Board is pleased to announce that after trading hour on 24 October 2022, the Purchaser (being a wholly-owned subsidiary of the Company) entered into the Purchase Contract with the Supplier, pursuant to which the Purchaser shall purchase the Wind Power Equipment from the Supplier at the Consideration.

LISTING RULES IMPLICATION

The highest Applicable Percentage Ratio for the Transaction exceeds 5% but is less than 25%. As the Previous Purchase Contracts were entered into within a 12-month period before the date of the Purchase Contract, the transactions contemplated under the Purchase Contract 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 25% but less than 100%. Hence, the Transaction is required to be reclassified by aggregating with the Previous Purchase Contracts resulting in the Transaction constituting a major transaction for the Company under Chapter 14 of the Listing Rules, and is thus subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Transaction by the Shareholders. A circular containing, among other things, details of the Transaction and a notice of special general meeting of the Company is expected to be despatched to the Shareholders on or before 9 December 2022 as additional time is required to prepare and finalise information to be included in the circular.

The Board is pleased to announce that after trading hour on 24 October 2022, the Purchaser entered into the Purchase Contract with the Supplier, details of which are set out below.

PURCHASE CONTRACT

The principal terms of the Purchase Contract are as follows:

- Date : 24 October 2022
- Parties : (i) the Purchaser as the purchaser; and
(ii) the Supplier as the supplier.
- Asset to be purchased : The Wind Power Equipment with a total power output capacity of 300 MW to be used for the Wind Power Project.
- Consideration : The Consideration payable by the Purchaser to the Supplier for the purchase of the Wind Power Equipment is RMB537 million (approximately HK\$583.70 million) (inclusive of value added tax). The Consideration also includes fees for technical services, technical documentation, delivery and insurance charges, and other miscellaneous charges.

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

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

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

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

It is expected that all the Wind Power Equipment will be delivered to the Purchaser before the end of December 2023. The Consideration shall be payable in cash, which will be financed by the internal resources and/or borrowings of the Group.

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

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

Condition precedent : The Purchase Contract shall not take effect until the obtaining of the approval by the Shareholders in respect of the Transaction at the special general meeting of the Company. If the Shareholders do not approve the Purchase Contract at the said special general meeting, the Purchase Contract will have no legal effect, and will thus not be legally binding against the parties.

REASONS FOR AND BENEFIT OF THE TRANSACTION

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. The Wind Power Equipment to be acquired will be used for the Wind Power Project.

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

INFORMATION OF THE PARTIES TO THE PURCHASE CONTRACT

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 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. 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.

PREVIOUS PURCHASE CONTRACTS

On 6 April 2022, each of the Purchaser and the Purchaser B entered into a purchase contract with the Supplier (the "**Previous Purchase Contracts**"), details of which are set out in the announcement of the Company dated 6 April 2022.

LISTING RULES IMPLICATION

The highest Applicable Percentage Ratio for the Transaction exceeds 5% but is less than 25%. As the Previous Purchase Contracts were entered into within a 12-month period before the date of the Purchase Contract, the transactions contemplated under the Purchase Contract 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 25% but less than 100%. Hence, the Transaction is required to be reclassified by aggregating with the Previous Purchase Contracts resulting in the Transaction constituting a major transaction for the Company under Chapter 14 of the Listing Rules, and is thus subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A special general meeting will be convened by the Company to consider and, if thought fit, approve the Transaction by the Shareholders. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders have any material interests in the Transactions, and are required to abstain from voting on the relevant resolution at the special general meeting of the Company. A circular containing, among other things, details of the Transaction and a notice of special general meeting of the Company is expected to be despatched to the Shareholders on or before 9 December 2022 as additional time is required to prepare and finalise information to be included in the circular.

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”	the consideration payable for the purchase of the Wind Power Equipment;
“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 of the PRC and Taiwan;
“Previous Purchase Contracts”	the previous purchase contracts as described in the paragraph headed “Previous Purchase Contracts” in this announcement;
“Purchaser”	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”	the purchase contract dated 24 October 2022 entered into between the Purchaser and the Supplier for the purchase of the Wind Power Equipment;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplier”	Zhejiang Windey Co., Ltd.* (浙江運達風電股份有限公司), a company established in the PRC with limited liability;
“Transaction”	the purchase of the Wind Power Equipment by the Purchaser under the Purchase Contract;
“Wind Power Equipment”	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;
“Wind Power Project”	the 300 MW wind power project of the Group situated in Tonghe County, Harbin City, Heilongjiang Province, the PRC (中國黑龍江省哈爾濱市通河縣); and
“%”	per cent.

For the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.92 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, 24 October 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*