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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 PROJECT COMPANY**

The Board is pleased to announce that after trading hour on 18 September 2023, Yongzhou Jiepai (a wholly-owned subsidiary of the Company) and several wholly-owned subsidiaries of the Company (namely Yantai Wanshen, the Project Company, Heilongjiang Juming and Century Concord Wind Power) entered into the Share Transfer Agreement with Electric Investment Jinhe, pursuant to which Yongzhou Jiepai shall sell to Electric Investment Jinhe the Sale Share at the Consideration.

As the highest Applicable Percentage Ratio for the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable 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 18 September 2023, Yongzhou Jiepai and several wholly-owned subsidiaries of the Company (namely Yantai Wanshen, the Project Company, Heilongjiang Juming and Century Concord Wind Power) entered into the Share Transfer Agreement with Electric Investment Jinhe for the Disposal. Details of the Disposal and the principal terms of the Share Transfer Agreement are set out below.

#### **SHARE TRANSFER AGREEMENT**

Date: 18 September 2023

Parties: (i) Yongzhou Jiepai as the seller;

- (ii) Electric Investment Jinhe as the purchaser; and
- (iii) Yantai Wanshen, the Project Company, Heilongjiang Juming and Century Concord Wind Power as the covenantors to provide certain undertakings to Electric Investment Jinhe for the completion of the Share Transfer Agreement.

Subject matter: Sale Share, representing the 100% shareholding interest in Yantai Wanshen.

### **Consideration**

The Consideration payable by Electric Investment Jinhe for the purchase of the Sale Share shall be RMB350.94 million. RMB3.00 million out of the retained earning of Yantai Wanshen as at 31 May 2023 shall be paid to Yongzhou Jiepai prior to the Registration. All profit or loss of Yantai Wanshen during the period from 31 May 2023 to the date of the Registration shall belong to Electric Investment Jinhe. The Consideration was arrived at after arm's length negotiation between Yongzhou Jiepai and Electric Investment Jinhe with reference to (i) the financial position of Yantai Wanshen (such as the unaudited consolidated net asset value of Yantai Wanshen as at 31 May 2023 of approximately RMB317.58 million); (ii) the past business performance of Yantai Wanshen and its future business prospects; (iii) a comparison of the price and terms offered by Electric Investment Jinhe and other potential purchasers, which showed that Electric Investment Jinhe offered the best price and terms as a whole; and (iv) the reasons and benefits set out in the section headed "Reasons for and Benefits of the Disposal" below.

### **Payment and Completion**

The Consideration shall be paid by Electric Investment Jinhe to Yongzhou Jiepai in the following manner:

1. within 5 working days after the finance company (which is an independent third party) of the Project Company having issued a written consent to the Disposal, 50% of the Consideration (i.e. RMB175.47 million) shall be paid to an account jointly controlled by Yongzhou Jiepai and Electric Investment Jinhe (the "**Joint Account**");

2. on the day of the fulfillment of the following conditions, the 50% of the Consideration held in the Joint Account shall be released and paid to Yongzhou Jiepai:
  - a. the Registration having been completed;
  - b. Yongzhou Jiepai having completed the handover to Electric Investment Jinhe of the industry and commerce materials, and the financial materials of Yantai Wanshen and the Project Company (such as business licence and other certificates, company seal and etc.); and
  - c. Yongzhou Jiepai or its affiliates having settled all the trade payables together with the interests accrued thereon (if any) owed by them to Yantai Wanshen or the Project Company as at the date of Registration;
3. within 5 working days after the fulfillment of the following conditions, 40% of the Consideration (i.e. approximately RMB140.38 million) shall be paid to Yongzhou Jiepai in cash:
  - Yongzhou Jiepai having completed the handover to Electric Investment Jinhe on the date of Registration of (i) the production and operation of the Project Company; and (ii) the assets, accounting records and other financial materials of Yantai Wanshen and the Project Company; and
4. the remaining 10% of the Consideration (i.e. approximately RMB35.09 million) shall be paid to Yongzhou Jiepai in cash within 5 working days after the fulfillment of the following condition (the “**Third Instalment Condition**”):
  - Yongzhou Jiepai having completed all outstanding tasks relating to the Wind Power Project as specified in the Share Transfer Agreement (such as obtaining of all land title certificates, providing of completion accounts, and etc.). It is expected that the said outstanding tasks will be completed before in 31 December 2024.

After the Registration, the board of directors of the Project Company will comprise five directors, being three directors (consisting the chairman of the board) to be nominated by Electric Investment Jinhe and two directors to be nominated by Heilongjiang Juming. Approvals at board meeting of the Project Company require the approval of more than half of its directors. The voting power of each shareholder of the Project Company at its shareholders’ meetings shall be in proportion to the contributed capital in the Project Company owned by each shareholder. Apart from certain important corporate matters (such as changes in registered capital and articles of association, and the dissolution and merger of the Project Company, provision of material guarantees and loans, and etc.) requiring the approval of not less than two-third of the vote power, approvals at shareholders’ meetings of the Project Company require more than half of the voting power at shareholders’ meetings.

If any shareholder of the Project Company proposes to transfer its equity interest to any third party, the other shareholder of the Project Company shall have the pre-emptive right to acquire such equity interest under equal terms. If the Project Company proposes to increase its registered capital, its shareholders shall have the pre-emptive right to acquire portions of the amount of the registered capital to be increased in proportion to the registered capital to the Project Company owned by them.

## **INFORMATION OF YANTAI WANSHEN**

Yantai Wanshen was established as a limited liability company in the PRC on 5 July 2021 with a registered capital of approximately RMB209.62 million, which have been fully contributed. Yantai Wanshen is engaged in investment holding only. Save for its registered capital and holding of a 51% interest in the Project Company, Yantai Wanshen has not had any other assets, liabilities or operations since its establishment. The remaining 49% interest in the Project Company is owned by Heilongjiang Juming. The Project Company is principally engaged in the Wind Power Project, which has been completely constructed and put into operation.

The audited net profit before and after taxation of the Project Company for the year ended 31 December 2021 were nil and nil respectively. The audited net profit before and after taxation of the Project Company for the year ended 31 December 2022 were RMB84.52 million and RMB83.71 million respectively. The unaudited consolidated net asset value of Yantai Wanshen as at 31 May 2023 was approximately RMB317.58 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 Jiepai is a wholly-owned subsidiary of the Company and is principally engaged in the investment and operation of wind power generation projects in the PRC. Heilongjiang Juming is a wholly-owned subsidiary of the Company and is principally engaged in the investment and operation of wind power generation projects in the PRC. Century Concord Wind Power is a wholly-owned subsidiary of the Company and is principally engaged in the investment and operation of wind and solar power generation projects in the PRC. Under the Share Transfer Agreement, Heilongjiang Juming shall execute a share pledge to pledge its 49% interest in the Project Company, and Century Concord Wind Power shall execute a guarantee, in each case in favour of Electric Investment Jinhe to secure the due performance by Yongzhou Jiepai of all its obligations under the Share Transfer Agreement. The aforesaid share pledge and guarantee shall be discharged upon the fulfilment of the Third Instalment Condition, or upon mutual agreement between Yongzhou Jiepai and Electric Investment Jinhe.

Electric Investment Jinhe 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: (i) Electric Investment Jinhe is indirectly owned as to 35% by the State Power Investment Corporation (國家電力投資集團有限公司) (“SPIC”) (which is a wholly-state-owned enterprise); (ii) the remaining 65% interest in Electric Investment Jinhe is owned by Diantou Ronghe New Energy Development Co., Ltd.\* (電投融和新能源發展有限公司) (“Diantou Ronghe”); and (iii) Diantou Ronghe is owned as to approximately 35.64% by SPIC, as to approximately 19.12% by China Post Life Insurance Co., Ltd.\* (中郵人壽保險股份有限公司) (which is a state-owned enterprise), indirectly as to approximately 14.26% by Taikang Life Insurance Co., Ltd.\* (泰康保險集團股份有限公司) (which is one of the largest insurance companies in the PRC), indirectly as to approximately 12.96% by the Agricultural Bank of China Limited (中國農業銀行股份有限公司) (which is listed on the Stock Exchange (stock code: 1288)), as to approximately 5.01% by Yunnan Energy Investment Co., Ltd.\* (雲南能投資本投資有限公司), as to approximately 5.01% by China Southern Power Grid Capital Holding Co., Ltd.\* (南方電網資本控股有限公司), and as to the remaining approximately 8% by four other shareholders, each of which owning less than a 4% interest in Diantou Ronghe. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Electric Investment Jinhe and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

After completion of the Disposal, the Company will cease to have any interest in Yantai Wanshen, and the Project Company will cease to be a subsidiary of the Company and, thus, will then be equity accounted for in the consolidated financial statements of the Group. According to the accounting standards applicable to the Company, the Company’s 49% interest in the Project Company held indirectly through Heilongjiang Juming will be treated as if the said 49% interest in the Project Company being disposed of simultaneously with the Disposal at a consideration pro rata with the Consideration (the “Deemed Consideration”), being approximately RMB337.18 million, for the purposes of determining the disposal gain mentioned below.

The Company estimates that it will recognise a total unaudited pre-tax gain of approximately RMB414.71 million from the Disposal, being the amount equal to (i) the sum of the Deemed Consideration and the Consideration; minus (ii) the unaudited net asset value of Yantai Wanshen as at 30 November 2023, being the month in which the Registration is expected to take place, of approximately RMB357.47 million; minus (iii) the unaudited goodwill of the Project Company as at 31 May 2023 of approximately RMB11.39 million; adding (iv) the unaudited unrealised profits as at 31 May 2023 of approximately RMB95.45 million in respect of the previous transactions between the Group on the one part and the Project Company on the other part. The actual gain arising from the Disposal to be recorded is subject to audit.

The Consideration was determined on the basis that Yongzhou Jiepai shall not enjoy the benefit of the profit (the “**Interim Profit**”) or be liable for the loss (the “**Interim Loss**”) of Yantai Wanshen between 31 May 2023 and the date of the Registration. The Interim Profit and/or the Interim Loss will be consolidated in the Group’s consolidated financial statements. As Yongzhou Jiepai has no right to any dividends from the Interim Profit and have no liability for the Interim Loss, any Interim Profit (or Interim Loss) will increase (or decrease) the net asset value of Yantai Wanshen as at the date of the Registration respectively and thus reduce (or increase) the disposal gain by the same amount respectively. As a result, the consolidation of the Interim Profit or the Interim Loss will be completely offset by the corresponding decrease or increase in the disposal gain. The proceeds generated from the Disposal 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 DISPOSAL**

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. The directors consider that the Disposal is in line with the Group’s “build and transfer” strategy, which allows the Group to fully leverage its strengths in wind and solar power development and power plant construction. By selling a portion of the Group’s equity interest in the constructed power plants, the Group can obtain transfer proceeds and cash returns, reduce the debt ratio, and continuously optimise its asset structure to support the capture of more potential investment opportunities and the goal of achieving sustained, steady, and rapid growth. Furthermore, in view of the positive business outlook of the Project Company, the retaining of a 49% interest in the Project Company by the Group will be beneficial to the Group. The Disposal is in line with the overall interests of the Group’s development strategy and will have a positive impact on the Group’s current and future financial conditions and operating results.

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

## **IMPLICATIONS UNDER THE LISTING RULES**

The highest Applicable Percentage Ratio for the Disposal is more than 5% but less than 25%. Hence, the Disposal constitutes a discloseable 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, 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;
“Century Concord Wind Power”	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”	the consideration payable by Electric Investment Jinhe for the purchase of the Sale Share;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share by Yongzhou Jiepai to Electric Investment Jinhe under the Share Transfer Agreement;
“Electric Investment Jinhe”	Shanxi Electric Investment Jinhe New Energy Co., Ltd.* (山西電投晉和新能源有限責任公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“Heilongjiang Juming”	Heilongjiang Juming New Energy Technology Co., Ltd.* (黑龍江聚鳴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;
“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;
“Project Company”	Bin County Century Concord Wind Power Co., Ltd.* (賓縣協合風力發電有限公司), a company established in the PRC with limited liability, and, as at the date of this announcement, owned as to 51% by Yantai Wanshen and as to 49% by Heilongjiang Juming;
“Registration”	the registration of the change in shareholding in Yantai Wanshen under the Disposal;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	the 100% shareholding interest in Yantai Wanshen;
“Share Transfer Agreement”	the share transfer agreement dated 18 September 2023 between Yongzhou Jiepai, Electric Investment Jinhe, Yantai Wanshen, the Project Company, Heilongjiang Juming and Century Concord Wind Power, pursuant to which Yongzhou Jiepai shall sell to Electric Investment Jinhe the Sale Share;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wind Power Project”	the Harbin Bin County 200MW wind power subsidy-free project (哈爾濱賓縣200MW風電平價上網項目) situated in Bin county, Harbin, the PRC;
“Yantai Wanshen”	Yantai Wanshen New Energy Co., Ltd.* (烟台宛申新能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Yongzhou Jiepai as at the date of this announcement;
“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; and



“%”

per cent.

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

Hong Kong, 18 September 2023

*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*