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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 20 August 2021, Yongzhou Jiepai (a wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser to sell to the Purchaser the 100% shareholding interest in Yongzhou Juting at the consideration of RMB251.46 million (approximately HK\$302.96 million).

The highest Applicable Percentage Ratio for the Disposal is less than 5%. As the Previous Disposals were conducted within a 12-month period before the date of the Disposal, the Previous Disposals shall be aggregated with the Disposal (collectively the “**Aggregated Transactions**”) 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 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 20 August 2021, Yongzhou Jiepai entered into the Disposal Agreement with the Purchaser for the Disposal. Details of the Disposal and the principal terms of the Disposal Agreement are set out below.

DISPOSAL AGREEMENT

Date : 20 August 2021

Parties : (i) Yongzhou Jiepai as the seller; and
(ii) Hubei Zhuifeng Energy Development Co., Ltd.* (湖北追風能源發展有限公司) being the purchaser.

Subject matter : Sale Share, representing the 100% shareholding interest in Yongzhou Juting. Yongzhou Juting wholly owns Fanshi Century Concord, which operates and constructs certain power plant projects in Fanshi County, Xinzhou City, Shanxi Province, the PRC.

Consideration

The Consideration payable by the Purchaser for the purchase of the Sale Share shall be RMB251.46 million (approximately HK\$302.96 million). The Consideration was arrived at after arm's length negotiation between Yongzhou Jiepai and the Purchaser with reference to (i) the financial position of Yongzhou Juting (such as the audited net asset value of Fanshi Century Concord as at 31 December 2020 of approximately RMB81.71 million and the audited net asset value of Yongzhou Juting as at 30 April 2021 of approximately RMB66.22 million); (ii) the past business performance of Fanshi Century Concord and its future business prospects; and (iii) the reasons and benefits set out in the section headed "Reasons for and Benefits of the Disposal" below.

RMB3.00 million out of the profit of Yongzhou Juting (the "**Reserved Profit**") during the period from 30 April 2021 to the date of the industrial and commercial change registration for the Disposal (the "**Registration**") shall belong to Yongzhou Jiepai. All amounts owned by Yongzhou Juting and Fanshi Century Concord to certain wholly-owned subsidiaries of the Group of approximately RMB191.01 million (approximately HK\$230.13 million) in aggregate and the outstanding dividends payable by Yongzhou Juting to Yongzhou Jiepai of approximately RMB37.70 million (approximately HK\$45.42 million) including the Reserved Profit shall be repaid within 50 days after the date of Registration.

Payment and Completion

The Consideration shall be paid by the Purchaser to Yongzhou Jiepai in cash in the following manner:

1. within 5 working days after Yongzhou Jiepai having obtained a written confirmation from a creditor of Fanshi Century Concord (which is an independent third party) giving consent to the Disposal (which is expected to be on or around 31 August 2021), 20% of the Consideration (i.e. approximately RMB50.29 million (approximately HK\$60.59 million)) shall be paid to Yongzhou Jiepai;

2. within 5 working days after the fulfillment of the following conditions (which is expected to be on or around 30 September 2021), 70% of the Consideration (i.e. approximately RMB176.02 million (approximately HK\$212.07 million)) shall be paid to Yongzhou Jiepai:
 - (a) the Registration having been completed and a new business license of Yongzhou Juting having been obtained;
 - (b) the legal representative(s), director(s), supervisor(s) and general manager(s) of Yongzhou Juting and Fanshi Century Concord having been changed to persons nominated by the Purchaser and the relevant change registration having been completed; and
 - (c) the articles of association of Yongzhou Juting and Fanshi Century Concord having been amended in accordance with the requirements of the Disposal Agreement;
3. within 5 working days after the Purchaser and Yongzhou Jiepai having signed the assets and information handover confirmation (which is expected to be on or around 30 November 2021), 5% of the Consideration (i.e. approximately RMB12.57 million (approximately HK\$15.14 million)) shall be paid to Yongzhou Jiepai; and
4. within 5 working days after the fulfillment of the following conditions (which is expected to be on or before 31 December 2022), the remaining 5% of the Consideration (i.e. approximately RMB12.57 million (approximately HK\$15.14 million)) shall be paid to Yongzhou Jiepai:
 - (a) the construction, inspection and acceptance, and completion settlement of the 100MW wind power plant project of Fanshi Century Concord having been completed; and
 - (b) certain certifications of the 100MW wind power plant project of Fanshi Century Concord having been obtained.

Upon completion of the Registration, the Company will cease to have any interest in Yongzhou Juting and Fanshi Century Concord.

INFORMATION OF YONGZHOU JUTING AND FANSHI CENTURY CONCORD

Yongzhou Juting and Fanshi Century Concord were established as limited liability companies in the PRC on 26 April 2021 and 29 November 2013 respectively.

Yongzhou Juting was established for the purposes of holding the 100% shareholding interest in Fanshi Century Concord and has no other operation, and material assets and liabilities.

Fanshi Century Concord is principally engaged in the construction and operation of its 100MW wind power plant project, and the construction of its 20MW wind power plant project, both situated in Fanshi County, Xinzhou City, Shanxi Province, the PRC.

Set out below is the audited financial information of Fanshi Century Concord for the two years ended 31 December 2020:

	For the year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
	19.22	
	(approximately	
Net profit before taxation	HK\$23.16 million)	0.00
	19.22	
	(approximately	
Net profit after taxation	<u>HK\$23.16 million)</u>	<u>0.00</u>

The audited net asset value of Fanshi Century Concord as at 31 December 2020 was approximately RMB81.71 million (approximately HK\$98.45 million). Yongzhou Juting was incorporated on 26 April 2021 and did not have any financial results for the two years ended 31 December 2020. The audited net asset value of Yongzhou Juting as at 30 April 2021 was approximately RMB66.22 million (approximately HK\$79.78 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/or operation of wind power generation projects in the PRC.

The Purchaser 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, the Purchaser is wholly owned by China Power International Development Limited* (中國電力國際發展有限公司), a company listed on the Stock Exchange (stock code: 2380), which is in turned owned as to approximately 60% by State Power Investment Corporation Limited* (國家電力投資集團有限公司) (“SPIC”), and SPIC is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).

To the best of the Directors’ knowledge and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal will generate a total cash inflow to the Group of not less than approximately RMB480.17 million (approximately HK\$578.52 million). 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. The Company estimates that it will recognise a total unaudited gain of approximately RMB188.24 million (approximately HK\$226.80 million) from the Disposal, being the amount equal to (i) the sum of the Consideration and the Reserved Profit; minus (ii) the audited net asset value of Yongzhou Juting as at 30 April 2021. The actual gain arising from the Disposal to be recorded is subject to audit.

The Consideration was determined by Yongzhou Jiepai and the Purchaser on the basis that: (1) 30 April 2021 shall be used as the reference date for the purposes of assessing the financial position of Yongzhou Juting; (2) Yongzhou Jiepai shall not enjoy the benefit of the profit of Yongzhou Juting (the “**Interim Profit**”) between 30 April 2021 and the date of the Registration save for the Reserved Profit and hence, Yongzhou Jiepai has no right to require Yongzhou Juting to pay any dividends in respect of the Interim Profit save for the Reserved Profit; and (3) Yongzhou Jiepai shall not be liable for the loss of Yongzhou Juting (the “**Interim Loss**”) between 30 April 2021 and the date of the Registration and hence, the Purchaser cannot claim Yongzhou Jiepai for damages for the Interim Loss.

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, 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 Disposal 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 DISPOSALS

On 17 March 2021, Century Concord and Beijing Jingkai entered into a disposal agreement, pursuant to which Beijing Jingkai acquired from Century Concord a 51% equity interest in Taipusiqi Union at a consideration of approximately RMB64.29 million (approximately HK\$77.46 million). On 17 March 2021, Century Concord and Beijing Jingkai entered into a disposal agreement, pursuant to which Beijing Jingkai acquired from Century Concord a 46% equity interest in Wuchuan County Yihe at a consideration of approximately RMB43.61 million (approximately HK\$52.54 million). On 15 March 2021, CWP Taipusiqi and Beijing Jingkai entered into a disposal agreement, pursuant to which Beijing Jingkai acquired from CWP Taipusiqi a 49% equity interest in Taipusiqi Shenhua at a consideration of approximately RMB84.57 million (approximately HK\$101.89 million). All the Previous Disposals were completed by the end of March 2021. The Previous Disposals had a total net proceeds of RMB192.47 million (approximately HK\$231.89 million, which 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. Insofar as the Company is aware, as at the date of this announcement, Beijing Jingkai is a wholly subsidiary of SPIC, which is the holding company of the Purchaser. To the best of the Directors' knowledge and belief after having made all reasonable enquiries, Beijing Jingkai and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

The highest Applicable Percentage Ratio for the Disposal is less than 5%. The highest Applicable Percentage ratio of each of the Previous Disposals and the Previous Disposals on an aggregated basis does not exceed 5%. Hence, each of the Disposal, the Previous Disposals, and the Previous Disposals on an aggregate basis does not constitute any discloseable transaction for the Company under Chapter 14 of the Listing Rules. As the Previous Disposals were conducted within a 12-month period before the date of the Disposal, the Aggregated Transactions 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 Disposal is required to be reclassified by aggregating with the Previous Disposals and thus constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Disposal 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;
“Beijing Jingkai”	Beijing Jingkai Comprehensive Intelligence Resources Co., Ltd.* (北京經開綜合智慧資源有限公司), a company established in the PRC with limited liability;
“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”	the consideration payable by the Purchaser for the purchase of the Sale Share;
“CWP Taipusiqi”	CWP Taipusiqi Wind Power Ltd., a company established in Hong Kong with limited liability and a wholly owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share by Yongzhou Jiepai to the Purchaser;
“Disposal Agreement”	the disposal agreement dated 20 August 2021 entered between Yongzhou Jiepai and the Purchaser for the Disposal;
“Fanshi Century Concord”	Fanshi County Century Concord Wind Power Co., Ltd.* (繁峙縣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 Juting;

“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;
“Purchaser”	Hubei Zhuifeng Energy Development Co., Ltd.* (湖北追風能源發展有限公司), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	the 100% shareholding interest in Yongzhou Juting;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taipusiqi Shenhua”	Tsipusiqi Shenhua Century Concord Wind Power Investment Co., Ltd.* (太僕寺旗申華協合風力發電投資有限公司), a company established in the PRC with limited liability and, previously, a 49%-owned joint venture of the Group;
“Taipusiqi Union”	Taipusiqi Union Wind Power Co., Ltd.* (太僕寺旗聯合風力發電有限公司), a company established in the PRC with limited liability and, previously, a 51%-owned joint venture of the Group;
“Wuchuan County Yihe”	Wuchuan County Yihe Wind Power Co., Ltd.* (武川縣義合風力發電有限公司), a company established in the PRC with limited liability and, previously, a 46%-owned joint venture of the Group;
“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 Juting”

Yongzhou Juting New Energy Technology Co., Ltd.* (永州聚霆新能源技術有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Yongzhou Jiepai as at the date of this announcement; and

“%”

per cent.

For the purposes of this announcement, an exchange rate of HK\$1.00 = RMB0.83 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, 20 August 2021

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*