

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 IN RELATION TO
DISPOSALS OF 100% EQUITY INTERESTS IN TWO PROJECT COMPANIES**

THE DISPOSALS

On 17 April 2020, Yongzhou Jiepai (a wholly-owned subsidiary of the Company) (as vendor) and Shanghai Shenneng (as purchaser) entered into (i) the Equity Transfer Agreement I, pursuant to which, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Dongtian Century Concord, at the consideration of RMB92,344,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the Equity Transfer Agreement I; and (ii) the Equity Transfer Agreement II, pursuant to which, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Nanzhao Juhe, at the consideration of RMB206,251,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the Equity Transfer Agreement II.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal II contemplated under the Equity Transfer Agreement II exceed(s) 5% but is/are less than 25%, the Disposal II constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposals contemplated under the Equity Transfer Agreements in aggregate exceed(s) 5% but is/are less than 25%, the Disposals constitute discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

On 17 April 2020, Yongzhou Jiepai (a wholly-owned subsidiary of the Company) (as vendor) and Shanghai Shenneng (as purchaser) entered into (i) the Equity Transfer Agreement I, pursuant to which, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Dongtian Century Concord, at the consideration of RMB92,344,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the Equity Transfer Agreement I; and (ii) the Equity Transfer Agreement II, pursuant to which, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Nanzhao Juhe, at the consideration of RMB206,251,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the Equity Transfer Agreement II.

EQUITY TRANSFER AGREEMENT I

The salient terms of the Equity Transfer Agreement I are set out as follows:

Date

17 April 2020

Parties

- (1) Yongzhou Jiepai, as vendor;
- (2) Shanghai Shenneng, as purchaser; and
- (3) Dongtian Century Concord

Assets to be disposed of

Pursuant to the Equity Transfer Agreement I, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Dongtian Century Concord.

As at the date of this announcement, Dongtian Century Concord was held as to 100% by Yongzhou Jiepai.

Consideration

The consideration of RMB92,344,000 is payable by Shanghai Shenneng to Yongzhou Jiepai in cash in the following manner:

- (a) the first instalment in the amount of RMB41,429,000 shall be paid within ten (10) business days upon the duly execution of the Equity Transfer Agreement I and the CPs Satisfaction Confirmation I (as defined under the paragraph “Conditions Precedent” below);
- (b) the second instalment in the amount of RMB27,619,000 shall be paid within ten (10) business days upon the satisfaction of (i) the completion of the filing with the competent administration for industry and commerce in relation to the transfer of the entire equity interest of Dongtian Century Concord (i.e. the date on which the new business license is issued); and (ii) the completion of the inventory check upon the assets, facilities and documents of Dongtian Century Concord; and
- (c) the remaining balance in the amount of RMB23,296,000 shall be paid in the following manner: within ten (10) business days of receiving each batch of the national subsidy by Dongtian Century Concord for the renewable energy electricity price corresponding to the power generated before the completion date of the Disposal I, Shanghai Shenneng shall transfer the whole amount of such subsidy to Yongzhou Jiepai, until the consideration is fully settled. As at the date of this announcement, Project I has been included in the category of the national subsidy for the renewable energy electricity price.

The consideration for the Disposal I was agreed after arm’s length negotiations among the parties to the Equity Transfer Agreement I on common commercial terms with reference to, among other things, (i) the prevailing market value of the entire equity interest of Dongtian Century Concord; and (ii) the unaudited net asset value of Dongtian Century Concord of RMB85,455,000 as at 31 August 2019.

Conditions Precedent

The completion of the Disposal I is subject to and conditional upon the fulfilment of, among others, the following conditions precedent:

- (a) a written confirmation evidencing that the bank which provides loan facilities to Dongtian Century Concord has consented the equity transfer in relation to Dongtian Century Concord is issued by the bank;
- (b) the existing operation and maintenance services termination agreement relating to the Project I is duly executed by Dongtian Century Concord and the operation and maintenance service provider;

- (c) the confirmation letter issued by Century Concord in relation to the compliance of the historical equity transfers of Dongtian Century Concord is obtained by Shanghai Shenneng; and
- (d) the statements and warranties made by Yongzhou Jiepai and Dongtian Century Concord under the Equity Transfer Agreement I are true, accurate, complete and not misleading.

The conditions precedent shall be fulfilled within sixty (60) days upon signing the Equity Transfer Agreement I. Upon the satisfaction of all the conditions precedent, Yongzhou Jiepai shall provide the confirmation letter relating to the satisfaction of all conditions precedent (the “**CPs Satisfaction Confirmation I**”) with relevant supporting documents to Shanghai Shenneng. If Shanghai Shenneng has no objection upon receiving the documents, it shall confirm and sign the CPs Satisfaction Confirmation I within five (5) business days. Both parties to the Equity Transaction Agreement I shall cooperate to do the equity transfer filing with the competent administration for industry and commerce within five (5) business days upon the payment of first instalment of the consideration made by Shanghai Shenneng.

Completion

The completion shall take place upon the acceptance by the competent administration for industry and commerce for the equity transfer filing under the Equity Transaction Agreement I.

Upon the completion of the Disposal I, Dongtian Century Concord will be held as to 100% by Shanghai Shenneng. Dongtian Century Concord will cease to be a subsidiary of the Company and its financial results will not be consolidated with the financial results of the Group.

Information of Dongtian Century Concord and the Project I

Dongtian Century Concord is a company established in the PRC with limited liability. It is principally engaged in the development, construction and operation of the Project I. As at the date of this announcement, Dongtian Century Concord was held as to 100% by Yongzhou Jiepai and an indirectly wholly-owned subsidiary of the Company.

The Project I has been permitted by the Development and Reform Commission of Hunan Province in 2013. The scale of the Project I is 48MW.

Set out below is the financial information of Dongtian Century Concord for the two years ended 31 December 2019 prepared according to the PRC accounting standards:

	For the year ended	
	31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Net profit/(loss) before tax	5,520	2,978
Net profit/(loss) after tax	4,835	2,802

The unaudited net asset value of Dongtian Century Concord as at 31 December 2019 was approximately RMB88,478,000.

EQUITY TRANSFER AGREEMENT II

The salient terms of the Equity Transfer Agreement II are set out as follows:

Date

17 April 2020

Parties

- (1) Yongzhou Jiepai, as vendor;
- (2) Shanghai Shenneng, as purchaser; and
- (3) Nanzhao Juhe

Assets to be disposed of

Pursuant to the Equity Transfer Agreement II, Yongzhou Jiepai agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Nanzhao Juhe.

As at the date of this announcement, Nanzhao Juhe was held as to 100% by Yongzhou Jiepai.

Consideration

The consideration of RMB206,251,000 is payable by Shanghai Shenneng to Yongzhou Jiepai in cash in the following manner:

- (a) the first instalment in the amount of RMB123,751,000 shall be paid within ten (10) business days upon the duly execution of the Equity Transfer Agreement II and the CPs Satisfaction Confirmation II (as defined under the paragraph “Conditions Precedent” below), and the deregistration of the pledge on the entire equity interest of Nanzhao Juhe by Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司) (“**Huaneng Tiancheng**”);
- (b) the second instalment in the amount of RMB72,188,000 shall be paid within ten (10) business days upon the satisfaction of (i) the completion of the filing with the competent administration for industry and commerce in relation to the transfer of the entire equity interest of Nanzhao Juhe (i.e. the date on which the new business license is issued); and (ii) the completion of the inventory check upon the assets, facilities and documents of Nanzhao Juhe; and
- (c) the remaining balance in the amount of RMB10,312,000 shall be paid within ten (10) business days upon the satisfaction of the following conditions, among others: (i) Yongzhou Jiepai has completed all remaining tasks of the Project II; (ii) if, before the completion date of the Disposal II, it is notified that the national renewable energy subsidy can be declared, Yongzhou Jiepai has assisted Nanzhao Juhe in completing the declaration for the national renewable energy subsidy for the Project II; (iii) relevant approvals and certificates for the real property rights and construction permissions in relation to the Project II have been obtained by Nanzhao Juhe; and (iv) the environmental protection, water conservation and safety inspection and acceptance documents of the Project II have been obtained by Nanzhao Juhe.

The consideration for the Disposal II was agreed after arm’s length negotiations among the parties to the Equity Transfer Agreement II on common commercial terms with reference to, among other things, (i) the prevailing market value of the entire equity interest of Nanzhao Juhe; and (ii) the unaudited net asset value of Nanzhao Juhe of RMB172,169,000 as at 31 August 2019.

Conditions Precedent

The completion of the Disposal II is subject to and conditional upon the fulfilment of, among others, the following conditions precedent:

- (a) a written confirmation evidencing that Huaneng Tiancheng has consented the deregistration of the pledge on the entire equity interest of Nanzhao Juhe, the equity transfer in relation to Nanzhao Juhe, and the release of all guarantees provided by Nanzhao Juhe for certain subsidiaries of the Company is issued by Huaneng Tiancheng;
- (b) Nanzhao Juhe has obtained relevant administrative approval issued by the approval authority on the change of the wind turbine technical scheme for the Project II according to the actual capacity of 100MW;
- (c) a written confirmation about the planning, an environmental assessment report and a water conservation report on the transmission line of the Project II issued by the relevant government departments have been provided by Nanzhao Juhe;
- (d) the existing operation and maintenance services termination agreement relating to the Project II is duly executed by Nanzhao Juhe and the operation and maintenance service provider;
- (e) the confirmation letter issued by Century Concord in relation to the compliance of the historical equity transfers of Nanzhao Juhe is obtained by Shanghai Shenneng;
- (f) a capital verification report issued by an auditing firm has been obtained by Nanzhao Juhe;
- (g) the power business license with 100MW capacity has been obtained by Nanzhao Juhe; and
- (h) the statements and warranties made by Yongzhou Jiepai and Nanzhao Juhe under the Equity Transfer Agreement II are true, accurate, complete and not misleading.

The conditions precedent shall be fulfilled within sixty (60) days upon signing the Equity Transfer Agreement II. Upon the satisfaction of all the conditions precedent, Yongzhou Jiepai shall provide the confirmation letter relating to the satisfaction of all conditions precedent (the “**CPs Satisfaction Confirmation II**”) with relevant supporting documents to Shanghai Shenneng. If Shanghai Shenneng has no objection upon receiving the documents, it shall confirm and sign the CPs Satisfaction Confirmation II within five (5) business days. Both parties to the Equity Transaction Agreement II shall cooperate to do the equity transfer filing with the competent administration for industry and commerce within five (5) business days upon the payment of first instalment of the consideration made by Shanghai Shenneng.

Completion

The completion shall take place upon the acceptance by the competent administration for industry and commerce for the equity transfer filing under the Equity Transaction Agreement II.

Upon the completion of the Disposal II, Nanzhao Juhe will be held as to 100% by Shanghai Shenneng. Nanzhao Juhe will cease to be a subsidiary of the Company and its financial results will not be consolidated with the financial results of the Group.

Information of Nanzhao Juhe and the Project II

Nanzhao Juhe is a company established in the PRC with limited liability. It is principally engaged in the development, construction and operation of the Project II. As at the date of this announcement, Nanzhao Juhe was held as to 100% by Yongzhou Jiepai and an indirectly wholly-owned subsidiary of the Company.

The Project II has been permitted by the Development and Reform Commission of Nanyang City in 2016. The scale of the Project II is 100MW.

Set out below is the financial information of Nanzhao Juhe for the two years ended 31 December 2019 prepared according to the PRC accounting standards:

	For the year ended	
	31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Net profit/(loss) before tax	18,383	0
Net profit/(loss) after tax	18,383	0

The unaudited net asset value of Nanzhao Juhe as at 31 December 2019 was approximately RMB178,864,000.

INFORMATION OF THE PARTIES TO THE DISPOSALS

The Company and Yongzhou Jiepai

The Company is a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange. 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.

Yongzhou Jiepai is an indirectly wholly-owned subsidiary of the Company and is principally engaged in wind power generation projects in the PRC.

Shanghai Shenneng

Shanghai Shenneng is a limited liability company established in the PRC and is principally engaged in the technology development and sale and installation of equipment in relation to the renewable energy, resource utilization, and projects investment and operational management in environmental protection industries relating to electricity power and energy. According to the public information, as at the date hereof, Shanghai Shenneng is 100% held by Shenergy Company Limited (申能股份有限公司), which is in turn ultimately held as to 53.47% by the State-owned Assets Supervision and Administration Commission of Shanghai. Shenergy Company Limited (申能股份有限公司) is a joint stock company established in the PRC with limited liability and whose shares are listed in the Shanghai Stock Exchange (stock code: SH:600642).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Shanghai Shenneng and its ultimate beneficial owners are third parties independent to the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group has adopted a “build and sell” 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 “build and sell” strategy allows the Group to fully leverage on its strengths of wind power development and power plant construction so as to attain a more reasonable return on its investments, achieve the Group's cash flow return, reduce the debt ratio to support the Company's subsequent healthy and rapid development.

The Directors consider the terms of the Equity Transfer Agreements and the Disposals contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

FINANCIAL IMPACT OF THE DISPOSALS AND USE OF PROCEEDS

It is expected that the Company would recognise (i) an unaudited accounting gain of approximately RMB6,889,000 after the Disposal I, being the difference between the consideration of RMB92,344,000 and the net asset value of Dongtian Century Concord as at 31 August 2019 of approximately RMB85,455,000; and (ii) an unaudited accounting gain of approximately RMB34,082,000 after the Disposal II, being the difference between the consideration of RMB206,251,000 and the net asset value of Nanzhao Juhe as at 31 August 2019 of approximately RMB172,169,000.

The Directors expect that the net proceeds from the Disposals, after deducting the expenses directly attributable thereto, will be approximately RMB298,595,000, which will be used as general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal II contemplated under the Equity Transfer Agreement II exceed(s) 5% but is/are less than 25%, the Disposal II constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposals contemplated under the Equity Transfer Agreements in aggregate exceed(s) 5% but is/are less than 25%, the Disposals constitute discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“business day(s)”	a day on which banks in Hong Kong and PRC are open for normal business (excluding Saturday, Sunday, public holidays in Hong Kong or PRC)
“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
“Director(s)”	the director(s) of the Company
“Disposal I”	the proposed disposal of the entire equity interest in Dongtian Century Concord pursuant to the Equity Transfer Agreement I
“Disposal II”	the proposed disposal of the entire equity interest in Nanzhao Juhe pursuant to the Equity Transfer Agreement II
“Disposals”	collectively, the Disposal I and the Disposal II

“Dongtian Century Concord”	Yongzhou Dongtian Century Concord Wind Power Co., Ltd.* (永州東田協合風力發電有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“Equity Transfer Agreement I”	the equity transfer agreement dated 17 April 2020 entered into among Yongzhou Jiepai, Shanghai Shenneng and Dongtian Century Concord, pursuant to which Shanghai Shenneng agreed to purchase the entire equity interest of Dongtian Century Concord from Yongzhou Jiepai
“Equity Transfer Agreement II”	the equity transfer agreement dated 17 April 2020 entered into among Yongzhou Jiepai, Shanghai Shenneng and Nanzhao Juhe, pursuant to which Shanghai Shenneng agreed to purchase the entire equity interest of Nanzhao Juhe from Yongzhou Jiepai
“Equity Transfer Agreements”	collectively, the Equity Transfer Agreement I and the Equity Transfer Agreement II
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanzhao Juhe”	Nanzhao Juhe Wind Power Co., Ltd.* (南召聚合風力發電有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China (which for the purpose of this announcement excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China)
“Project I”	the wind power generation project developed and operated by Dongtian Century Concord, located at Dongtian Village, Jianghua Yaozu Autonomous County, Yongzhou City, Hunan Province, the PRC
“Project II”	the wind power generation project developed and operated by Nanzhao Juhe, located at Nanzhao County, Nanyang City, Henan Province, the PRC
“Projects”	collectively, the Project I and the Project II
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Shenneng”	Shanghai Shenneng New Energy Investment Co., Ltd.* (上海申能新能源投資有限公司), a limited liability company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
%	per cent

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

Hong Kong, 17 April 2020

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer), Mr. Gui Kai, Mr. Niu Wenhui, Dr. Shang Li and Mr. Zhai Feng (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*