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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 COMPANIES

The Board is pleased to announce that after trading hour on 2 November 2020:

- (a) Yinhua Century Concord (a wholly-owned subsidiary of the Company) entered into the Disposal-I Agreement with China Nuclear Shandong to sell to China Nuclear Shandong the Sale Share I at the Consideration I; and
- (b) Century Concord Wind Power (a wholly-owned subsidiary of the Company) entered into the Disposal-II Agreement with China Nuclear Shandong to sell to China Nuclear Shandong the Sale Share II at the Consideration II.

As the highest Applicable Percentage Ratio for the Disposal Agreements as a whole is more than 5% but less than 25%, the entering into the Disposal Agreements as a whole 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 2 November 2020, each of Yinhua Century Concord and Century Concord Wind Power entered into the Disposal Agreements with China Nuclear Shandong respectively for the Disposals. Details of the Disposals and the principal terms of the Disposal Agreements are set out below.

DISPOSAL AGREEMENTS

Disposal-I Agreement

- Date : 2 November 2020
- Parties : (i) Yinhua Century Concord as the seller
(ii) China Nuclear Shandong as the purchaser
(iii) Yongren Century 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 Yongren Century Concord.

All the profit or loss of Yongren Century Concord during the period from 31 May 2020 to the date of the industrial and commercial change registration for the Disposal I (the “**Disposal-I Registration**”) shall be belonged to or borne by China Nuclear Shandong. All amounts owned by Yongren Century Concord to Yinhua Century Concord and its affiliates (the “**Debts I**”) shall be repaid within 45 days after the Disposal-I Registration. As at 31 May 2020, the Debts I amounted to approximately RMB281.46 million (approximately HK\$323.52 million), inclusive of dividends payable to Yinhua Century Concord of approximately RMB35.46 million (approximately HK\$40.76 million).

Consideration

The Consideration I payable by China Nuclear Shandong for the purchase of the Sale Share I shall be RMB89.90 million (approximately HK\$103.33 million), which was arrived at after arm’s length negotiation between Yinhua Century Concord and China Nuclear Shandong with reference to the financial position and business prospects of Yongren Century Concord.

Payment terms

The Consideration I shall be paid by China Nuclear Shandong in cash in the following manner:

1. within 5 working days from the fulfillment (or waiver by China Nuclear Shandong) of the following conditions (which shall be fulfilled or waived within 30 days from the date of the Disposal-I Agreement), RMB13.49 million (approximately HK\$15.51 million), representing 15% of the Consideration I, shall be paid to the escrow bank account jointly controlled by Yinhua Century Concord and China Nuclear Shandong (the “**Escrow Account I**”):
 - (a) all necessary bank consent having been obtained by Yongren Century Concord for the Disposal I; and

- (b) all other corporate and administrative procedures as required by the Disposal-I Agreement having been satisfied or completed;
2. (i) within 1 working day after the fulfillment of the following conditions (which are expected to be fulfilled in or about late November 2020), the aforesaid 15% of the Consideration I held in the Escrow Account I shall be released and paid to Yinhua Century Concord, and (ii) within 5 working days from the fulfillment of the following conditions, approximately RMB31.46 million (approximately HK\$36.17 million), representing 35% of the Consideration I, shall be paid to Yinhua Century Concord:
- (a) the Disposal-I Registration and the change to the articles of association of Yongren Century Concord having been completed, and the new business licence of Yongren Century Concord having been delivered to China Nuclear Shandong;
- (b) the changes to legal representative and financial manager of Yongren Century Concord having been registered with the relevant governmental authorities within 5 working days from the Disposal-I Registration; and
- (c) certain landlord of Yongren Century Concord (which is an independent third party) having issued written confirmations that they do not have any claims against Yongren Century Concord for outstanding payments or breach of contracts;
3. within 5 working days from the fulfillment of the following conditions (which are expected to be fulfilled in or about late December 2020), approximately RMB40.45 million (approximately HK\$46.50 million), representing 45% of the Consideration I, shall be paid to Yinhua Century Concord:
- all the corporate books and records, assets and other important documents of Yongren Century Concord having been handover to China Nuclear Shandong; and
4. within 5 working days from the fulfillment of the following conditions (which are expected to be in or about late January 2021), approximately RMB4.50 million (approximately HK\$5.17 million), representing the remaining 5% of the Consideration, shall be paid to Yinhua Century Concord:
- (a) the audit report jointly confirmed by Yinhua Century Concord and China Nuclear Shandong in respect of the financial affairs of Yongren Century Concord from 31 May 2020 to the date of the Disposal-I Registration having been delivered to China Nuclear Shandong; and
- (b) the safety equipment installation completion report of Yongren Century Concord having been obtained at the costs and expenses of Yinhua Century Concord,

Provided That the amount of this last instalment of the Consideration I shall be deducted by the following amounts (if any): (i) if the Disposal-I Registration is completed before 30 November 2020, an amount equal to RMB25,000 multiplied by the number of days from (and including) the Disposal-I Registration to (but excluding) 30 November 2020; and (ii) if the Debts I have been repaid by Yongren Century Concord within 45 days from the Disposal-I Registration, an amount equals to RMB0.30 million.

Disposal-II Agreement

Date : 2 November 2020

Parties : (i) Century Concord Wind Power as the seller
(ii) China Nuclear Shandong as the purchaser
(iii) Huaping Century Concord 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 Huaping Century Concord.

All the profit or loss of Huaping Century Concord during the period from 31 May 2020 to the date of the industrial and commercial change registration for the Disposal II (the “**Disposal-II Registration**”) shall be belonged to or borne by China Nuclear Shandong. All amounts owned by Huaping Century Concord to Century Concord Wind Power and its affiliates (the “**Debts II**”) shall be repaid within 45 days after the Disposal-II Registration. As at 31 May 2020, the Debts II amounted to approximately RMB136.15 million (approximately HK\$156.50 million), inclusive of dividends payable to Century Concord Wind Power of approximately RMB62.73 million (approximately HK\$72.10 million).

Consideration

The Consideration II payable by China Nuclear Shandong for the purchase of the Sale Share II shall be RMB84.80 million (approximately HK\$97.47 million), which was arrived at after arm’s length negotiation between Century Concord Wind Power and China Nuclear Shandong with reference to the financial position and business prospects of Huaping Century Concord.

Payment terms

The Consideration II shall be paid by China Nuclear Shandong in cash in the following manner:

1. within 5 working days from the fulfillment (or waiver by China Nuclear Shandong) of the following conditions (which shall be fulfilled or waived within 30 days from the date of the Disposal-II Agreement), RMB12.72 million (approximately HK\$14.62 million), representing 15% of the Consideration II, shall be paid to the escrow bank account jointly controlled by Century Concord Wind Power and China Nuclear Shandong (the “**Escrow Account II**”):

- (a) all necessary bank consent having been obtained by Huaping Century Concord for the Disposal II; and
 - (b) all other corporate and administrative procedures as required by the Disposal-II Agreement having been satisfied or completed;
2.
 - (i) within 1 working day after the fulfillment of the following conditions (which are expected to be fulfilled in or about late November 2020), the aforesaid 15% of the Consideration II held in the Escrow Account II shall be released and paid to Century Concord Wind Power, and
 - (ii) within 5 working days from the fulfillment of the following conditions, approximately RMB29.68 million (approximately HK\$34.11 million), representing 35% of the Consideration II, shall be paid to Century Concord Wind Power:
 - (a) the Disposal-II Registration and the change to the articles of association of Huaping Century Concord having been completed, and the new business licence of Huaping Century Concord having been delivered to China Nuclear Shandong; and
 - (b) the changes to legal representative and financial manager of Huaping Century Concord having been registered with the relevant governmental authorities within 5 working days from the Disposal-II Registration;
3. within 5 working days from the fulfillment of the following conditions (which are expected to be fulfilled in or about late December 2020), approximately RMB38.16 million (approximately HK\$43.86 million), representing 45% of the Consideration II, shall be paid to Century Concord Wind Power:
 - (a) all the corporate books and records, assets and other important documents of Huaping Century Concord having been handover to China Nuclear Shandong;
 - (b) the completion report in respect of the construction project of Huaping Century Concord having been delivered to China Nuclear Shandong; and
 - (c) certain major suppliers of Huaping Century Concord (which are independent third parties) having issued written confirmations that they do not have any claims against Huaping Century Concord for outstanding payments or otherwise; and
4. within 5 working days from the fulfillment of the following conditions (which are expected to be fulfilled in or about late January 2021), approximately RMB4.24 million (approximately HK\$4.87 million), representing the remaining 5% of the Consideration, shall be paid to Century Concord Wind Power:
 - (a) the audit report jointly confirmed by Century Concord Wind Power and China Nuclear Shandong in respect of the financial affairs of Huaping Century Concord from 31 May 2020 to the date of the Disposal-II Registration having been delivered to China Nuclear Shandong; and

- (b) the social stability risk evaluation approval opinion of Huaping Century Concord having been obtained at the costs and expenses of Century Concord Wind Power,

Provided That the amount of this last instalment of the Consideration II shall be deducted by the following amounts (if any): (i) if the Disposal-II Registration is completed before 30 November 2020, an amount equal to RMB25,000 multiplied by the number of days from (and including) the Disposal-II Registration to (but excluding) 30 November 2020; and (ii) if the Debts II have been repaid by Huaping Century Concord within 45 days from the Disposal-II Registration, an amount equals to RMB0.30 million.

INFORMATION OF TARGET COMPANIES

Yongren Century Concord and Huaping Century Concord were established as a limited liability company on 15 September 2011 and 21 March 2014 respectively. Yongren Century Concord is principally engaged in the investment and operation of the 50MW Grid-connected Photovoltaic Power Generation Project situated in Yongren County, Yi Autonomous Prefecture of Chuxiong, Yunnan Province, the PRC (中國雲南省楚雄彝族自治州永仁縣之50兆瓦並網光伏發電項目). Huaping Century Concord is principally engaged in the investment and operation of the 50MW Grid-connected Photovoltaic Power Generation Project situated in Huaping County, Lijiang City, Yunnan Province, the PRC (中國雲南省麗江市華坪縣之50兆瓦並網光伏發電項目). For the two years ended 31 December 2019, the total audited net profit before taxation of the Target Companies were approximately RMB29.69 million (approximately HK\$34.13 million) and approximately RMB43.55 million (approximately HK\$50.06 million) respectively, and the total audited net profit after taxation were approximately RMB25.96 million (approximately HK\$29.84 million) and approximately RMB35.41 million (approximately HK\$40.70 million) respectively. The total audited net asset value of the Target Companies as at 31 December 2019 and the total unaudited net asset value of the Target Companies as at 30 September 2020 were approximately RMB283.10 million (approximately HK\$325.40 million) and RMB210.38 million (approximately HK\$241.82 million) respectively.

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.

Both Yinhua Century Concord and Century Concord Wind Power are investment holding companies.

China Nuclear Shandong 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, China Nuclear Shandong is wholly-owned by China National Nuclear 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, China Nuclear Shandong and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSALS

The Company estimates that for the Disposals, the Company would recognise a total unaudited losses of approximately RMB33.52 million (approximately HK\$38.53 million) from the Disposals, being the amount equal to the total unaudited net asset values of the Target Companies as at 30 September 2020 minus the Total Consideration and then (i) deducting the total of the recognition of unrealised profits of previous transactions between the Group and the Target Companies, and (ii) adding the amount of the deferred tax asset. The actual total losses arising from the Disposals to be recorded are subject to audit and may be different from the above estimated total amounts as the actual total losses will depend on, amongst other factors, the actual total net asset values of the Target Companies as at the Disposal-I Registration and the Disposal-II Registration. The Disposals will generate a total gross proceeds of RMB174.70 million (approximately HK\$200.80 million). In addition, within 45 days of the Disposal-I Registration and the Disposal-II Registration, the Group will receive the Debts I and Debts II amounting to not less than RMB417.60 million (approximately HK\$480.00 million) in aggregate. As a result, the Disposals will generate a total cash inflow to the Group of not less than approximately RMB592.30 million (approximately HK\$680.80 million).

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 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 which contain projects that are eligible for renewable energy tariff subsidy will enhance the Company’s cashflow position, and provide additional capital resources for the Company to capture other investment opportunities. The proceeds generated from the Disposals will be used for general working capital and future business developments of the Group.

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

IMPLICATIONS UNDER THE LISTING RULES

As the highest Applicable Percentage Ratio for the Disposal Agreements as a whole is more than 5% but less than 25%, the entering into the Disposal Agreements as a whole 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, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Applicable Percentage Ratio”, “connected person” and “subsidiary”	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;
“China Nuclear Shandong”	China Nuclear Shandong Energy Co., Ltd.* (中核山東能源有限公司), a company established in the PRC;
“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 I”	the consideration payable for the purchase of the Sale Share I;
“Consideration II”	the consideration payable for the purchase of the Sale Share II;
“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 Yinhua Century Concord to China Nuclear Shandong;
“Disposal-I Agreement”	the share transfer agreement dated 2 November 2020 between Yinhua Century Concord, China Nuclear Shandong and Yongren Century Concord for the Disposal I;
“Disposal II”	the disposal of the Sale Share II by Century Concord Wind Power to China Nuclear Shandong;

* *For identification purposes only*

“Disposal-II Agreement”	the share transfer agreement dated 2 November 2020 between Century Concord Wind Power, China Nuclear Shandong and Huaping Century Concord for the Disposal II;
“Disposals”	the Disposal I and the Disposal II;
“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;
“Huaping Century Concord”	Huaping Century Concord Solar Power Co., Ltd.* (華坪協合太陽能發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by Century Concord Wind Power as at the date of this announcement;
“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share I”	the 100% shareholding interest in Yongren Century Concord;
“Sale Share II”	the 100% shareholding interest in Huaping Century Concord;
“Sale Shares”	the Sale Share I and the Sale Share II;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Companies”	Yongren Century Concord and Huaping Century Concord;
“Total Consideration”	the sum of the Consideration I and the Consideration II;

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“Yinhua Century Concord”	Yinhua Century Concord New Energy Investment Co., Ltd.* (銀華協合新能源投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Yongren Century Concord”	Yongren Century Concord Solar Power Co., Ltd.* (永仁協合太陽能發電有限公司), a company established in the PRC with limited liability, which is wholly-owned by Yinhua Century Concord as at the date of this announcement; and
“%”	per cent.

For the purposes of this announcement, the exchange rates of HK\$1.00=RMB0.87 has been used for currency translation. Such exchange rates are 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, 2 November 2020

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, 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).

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