

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
DISPOSAL OF 100% EQUITY INTEREST IN A PROJECT COMPANY**

THE DISPOSAL

On 7 May 2020, Century Concord (a wholly-owned subsidiary of the Company) (as vendor) and Shanghai Shenneng (as purchaser) entered into the Equity Transfer Agreement, pursuant to which, Century Concord agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Lingbao Century Concord, at the consideration of RMB131,764,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the Equity Transfer Agreement.

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 contemplated under the Equity Transfer Agreement in aggregate exceed(s) 5% but is/are less than 25%, the Disposal constitutes a 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.

Reference is made to the announcement of the Company dated 17 April 2020 in relation to the Previous Disposals. As the transactions contemplated under the Disposal and the Previous Disposals are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 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 and the Previous Disposals on an aggregated basis exceed(s) 5% but is/are less than 25%, the transactions under the Disposal and the Previous Disposals in aggregate constitute discloseable transactions of the Company and are thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 7 May 2020, Century Concord (a wholly-owned subsidiary of the Company) (as vendor) and Shanghai Shenneng (as purchaser) entered into the Equity Transfer Agreement, pursuant to which, Century Concord agreed to sell and Shanghai Shenneng agreed to acquire the entire equity interest in Lingbao Century Concord, at the consideration of RMB131,764,000, payable by Shanghai Shenneng in accordance with the terms and conditions of the Equity Transfer Agreement.

EQUITY TRANSFER AGREEMENT

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

Date

7 May 2020

Parties

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

Assets to be disposed of

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

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

Consideration

The consideration of RMB131,764,000 is payable by Shanghai Shenneng to Century Concord in cash in the following manner:

- (a) the first instalment in the amount of RMB79,058,000 shall be paid within ten (10) business days upon the duly execution of the Equity Transfer Agreement and the CPs Satisfaction Confirmation (as defined under the paragraph “Conditions Precedent” below), and the deregistration of the pledge on the entire equity interest of Lingbao Century Concord by the bank which provides loan facilities to Lingbao Century Concord (the “**Bank**”);

- (b) the second instalment in the amount of RMB46,117,000 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 Lingbao 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 Lingbao Century Concord; and
- (c) the remaining balance in the amount of RMB6,588,000 shall be paid within ten (10) business days upon (i) Century Concord has completed all remaining tasks of the Project; and (ii) if, before the completion date of the Disposal, it is notified that the national renewable energy subsidy can be declared, Century Concord has assisted Lingbao Century Concord in completing the declaration for the national renewable energy subsidy for the Project.

The consideration for the Disposal was agreed after arm's length negotiations among the parties to the Equity Transfer Agreement on common commercial terms with reference to, among other things, (i) the prevailing market value of the entire equity interest of Lingbao Century Concord; and (ii) the unaudited net asset value of Lingbao Century Concord of RMB79,044,000 as at 31 August 2019.

In respect of the prevailing market value, the Company made reference to certain sale and purchase transactions of wind power projects conducted by other listed companies in the PRC in recent months (the “**Comparable Transactions**”) based on public records. In reviewing the Comparable Transactions and for comparison purpose, the Company took into account the relevant particulars thereof, which include but are not limited to the consideration, the power generating capacity (MW) and the composition of the assets and debts of the relevant wind power projects. Having considered that the consideration of the Disposal (i) is comparable to the Comparable Transactions taken as a whole; and (ii) exceeds the latest unaudited net asset value of Lingbao Century Concord, respectively, the Directors consider that the consideration of the Disposal is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions Precedent

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

- (a) a written confirmation evidencing that the Bank has consented the deregistration of the pledge on the entire equity interest of Lingbao Century Concord and the equity transfer in relation to Lingbao Century Concord is issued by the Bank, or alternatively, the new finance lease institution has provided a financing plan, the financing exchange with the Bank is completed, and a written confirmation evidencing that the new finance lease institution has consented the equity transfer in relation to Lingbao Century Concord is recognised by Shanghai Shenneng;

- (b) the existing operation and maintenance services termination agreement relating to the Project is duly executed by Lingbao Century Concord and the operation and maintenance service provider; and
- (c) the statements and warranties made by Century Concord and Lingbao Century Concord under the Equity Transfer Agreement are true, accurate, complete and not misleading.

The conditions precedent shall be fulfilled within sixty (60) days upon signing the Equity Transfer Agreement. Upon the satisfaction of all the conditions precedent, Century Concord shall provide the confirmation letter relating to the satisfaction of all conditions precedent (the “**CPs Satisfaction Confirmation**”) 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 within five (5) business days. Both parties to the Equity Transaction Agreement 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.

Upon the completion of the Disposal, Lingbao Century Concord will be held as to 100% by Shanghai Shenneng. Lingbao 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 Lingbao Century Concord and the Project

Lingbao 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. As at the date of this announcement, Lingbao Century Concord was held as to 100% by Century Concord and an indirectly wholly-owned subsidiary of the Company.

The Project has been permitted by the Development and Reform Commission of Lingbao City in 2014. The scale of the Project is 48MW.

Set out below is the financial information of Lingbao 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
	RMB'000	RMB'000
	(unaudited)	(audited)
Net profit/(loss) before tax	20,886	21,605
Net profit/(loss) after tax	20,886	21,605

The unaudited net asset value of Lingbao Century Concord as at 31 December 2019 was approximately RMB86,066,000.

INFORMATION OF THE PARTIES TO THE DISPOSAL

The Company and Century Concord

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.

Century Concord is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the investments in wind and solar power generation projects in the PRC, technology development of wind and solar power generation and electricity supply.

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 DISPOSAL

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 Agreement and the Disposal 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 DISPOSAL AND USE OF PROCEEDS

It is expected that the Company would recognise an unaudited accounting gain of approximately RMB52,720,000 after the Disposal, being the difference between the consideration of RMB131,764,000 and the net asset value of Lingbao Century Concord as at 31 August 2019 of approximately RMB79,044,000.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately RMB131,764,000, 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 contemplated under the Equity Transfer Agreement in aggregate exceed(s) 5% but is/are less than 25%, the Disposal constitutes a 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.

Reference is made to the announcement of the Company dated 17 April 2020 in relation to the Previous Disposals. As the transactions contemplated under the Disposal and the Previous Disposals are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 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 and the Previous Disposals on an aggregated basis exceed(s) 5% but is/are less than 25%, the transactions under the Disposal and the Previous Disposals in aggregate constitute discloseable transactions of the Company and are thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

UPDATE ON INSIDE INFORMATION

Reference is made to the inside information announcement of the Company dated 31 March 2020 in relation to the potential disposal of three subsidiaries of the Company.

As at the date of this announcement, the Group has entered into three equity transfer agreements with Shanghai Shenneng regarding the disposal of the entire equity interest of each of the three target subsidiaries, namely Yongzhou Dongtian Century Concord Wind Power Co., Ltd.* (永州東田協合風力發電有限公司), Nanzhao Juhe Wind Power Co., Ltd.* (南召聚合風力發電有限公司) and Lingbao Century Concord, respectively. For details, please refer to the announcement of the Company dated 17 April 2020 and this announcement.

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”	the proposed disposal of the entire equity interest in Lingbao Century Concord pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 7 May 2020 entered into among Century Concord, Shanghai Shenneng and Lingbao Century Concord, pursuant to which Shanghai Shenneng agreed to purchase the entire equity interest of Lingbao Century Concord from Century Concord
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Lingbao Century Concord”	Lingbao Century Concord Wind Power Co., Ltd.* (靈寶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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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)
“Previous Disposals”	the disposals of two project companies by the Company to Shanghai Shenneng pursuant to two equity transfer agreements both dated 17 April 2020, the details of which were stated in the announcement of the Company dated 17 April 2020
“Project”	the wind power generation project developed and operated by Lingbao Century Concord, located at Lingbao City, Henan Province, the PRC
“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
“%”	per cent

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

Hong Kong, 7 May 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