CONCORD NEW ENERGY

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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE TARGET COMPANY
(2) CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

DISPOSAL OF THE TARGET COMPANY

The Board is pleased to announce that after trading hours on 27 October 2023, Beijing Juyang, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Xizang Dingyu to sell to Xizang Dingyu the Sale Share, representing the 28.75% shareholding interest in the Target Company, at the Consideration.

As at the date of this announcement, the Company indirectly holds 72% of the entire issued share capital of the Target Company. Mr. Lu is a director of the Target Company and, thus, a connected person of the Company at the subsidiary level. Xizang Dingyu is ultimately 100%-owned by the Subsidiary Level Management Shareholders through limited partnership structure, the general partner of which is Beijing Fangyuan. As Mr. Lu owns a 99% interest in Beijing Fangyuan, Xizang Dingyu is an associate of Mr. Lu and, thus, a connected person of the Company at the subsidiary level.

The highest Applicable Percentage Ratio for the Share Transfer Agreement is more than 5% but less than 25%, and the Consideration exceeds HK$10 million. The Share Transfer Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules. The Board has approved the Disposal, and the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement are fair and reasonable, and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Hence, pursuant to Rule 14A.101 of the Listing Rules, the Share Transfer Agreement constitutes a connected transaction for the Company subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

Upon completion of the Disposal, Mr. Lu will (through its control of Xizang Dingyu as aforesaid) control the Target Company as to approximately 46.75% thereof. Accordingly, the Target Company and the Target Subsidiaries will become associates of Mr. Lu and, thus, connected persons of the Company at the subsidiary level. Prior to the date of this announcement, (i) the Group Power Companies (which are subsidiaries of the Company) have entered into the Service Agreements with the Target Subsidiaries; (ii) the Group has provided the Financial Assistance to the Target Company and two Target Subsidiaries; and (iii) Century Concord Wind Power has provided the Guarantees in relation to the Loan Agreements and the Third Party Service Agreement, and the Target Company has, in return, provided the Counter-Guarantee to Century Concord Wind Power.

Upon completion of the Disposal, the continuing transactions under the Service Agreements, the Financial Assistance, the Guarantees and the Counter-Guarantee will thus become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the provision of the Counter-Guarantee by the Target Company to Century Concord Wind Power is based on normal commercial terms or better and will not be secured by the Group's assets, the Counter-Guarantee is fully exempt from the reporting, annual review, announcement and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules. As such, the Company is required to comply with the disclosure and annual review requirements pursuant to Rule 14A.60 of the Listing Rules with respect to the Services Agreements, the Financial Assistance, the Guarantees and the Counter-Guarantee. The Company will further comply with all applicable reporting, disclosure and, if applicable, independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Service Agreements, the Financial Assistance, the Guarantees or the Counter-Guarantee.

INTRODUCTION

The Board is pleased to announce that after trading hours on 27 October 2023, Beijing Juyang entered into the Share Transfer Agreement with Xizang Dingyu for the Disposal. Upon completion of the Disposal, the Target Company and the Target Subsidiaries will become connected persons of the Company at the subsidiary level, and the continuing transactions under the Service Agreements, the Financial Assistance, the Guarantees and the Counter-Guarantee will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details and the principal terms of the aforesaid agreements are set out below.

SHARE TRANSFER AGREEMENT

Date:	27 October 2023
Parties:	(i) Beijing Juyang as the seller; and

	(ii) Xizang Dingyu as the purchaser.
Subject matter:	Sale Share, representing the 28.75% shareholding interest in the Target Company.

Consideration

The Consideration payable by Xizang Dingyu for the purchase of the Sale Share shall be RMB93.52 million. All profit or loss of the Target Company attributable to the Sale Share from 1 July 2023 shall be belonged to Xizang Dingyu. The Consideration was determined based on the Valuation set out in the Valuation Report (i.e. 28.75% multiplied by the Valuation of approximately RMB325.29 million), and arrived at after arm's length negotiation between Beijing Juyang and Xizang Dingyu with reference to the reasons set out in the paragraph headed "Reasons for and Benefits of the Disposal" below.

Payment and Completion

Within 15 working days after the signing of the Share Transfer Agreement, 51% of the Consideration (i.e. approximately RMB47.7 million) shall be paid by Xizang Dingyu to Beijing Juyang in cash. Within 15 working days after payment of the said 51% of the Consideration, the change in the 28.75% shareholding interest in the Target Company shall be registered with the relevant governmental authority (the "**Completion Registration**"). Within 15 working days after the Completion Registration, the remaining 49% of the Consideration (i.e. approximately RMB45.82 million) shall be paid by Xizang Dingyu to Beijing Juyang in cash.

INFORMATION OF THE TARGET COMPANY

The Target Company was established as limited liability company in the PRC on 1 December 2010. The Target Company is principally engaged in providing operation and maintenance services to wind and solar power plants in the PRC. Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2022:

	For the year ended 31 December	
	2022	2021
	RMB million	*RMB million*
	(unaudited)	(unaudited)
Net profit before taxation	**39.25**	34.01
Net profit after taxation	**34.62**	31.21

The unaudited net asset value of the Target Company as at 31 December 2022 was approximately RMB162.862 million. The unaudited net asset value of the Target Company as at 30 June 2023 was approximately RMB113.161 million (after profit distribution).

SERVICE AGREEMENTS

As at the date of this announcement, all the power plants of the Group Power Companies (which are subsidiaries of the Company) are managed by the Target Subsidiaries (which have been subsidiaries of the Company as at the date of this announcement) under the Service Agreements. During the period from 1 December 2022 to 20 October 2023, each of the Group Power Companies of the one part as the clients for the service and each of the relevant Target Subsidiaries of the other part as the providers of the services entered into the Service Agreements for the provision of certain operation and maintenance services and technical services to the Group Power Companies (the "**Services**"), comprising operation and maintenance, data alerts, data analysis, software development and technical services. Under each of the Service Agreements, the service period of the Services is three years. The Company is of the view that the Services are based on normal commercial terms or better, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Hence, the Company considers that it would be in the interest of the Company and the Shareholders as a whole to retain the relevant Target Subsidiaries to provide the Services to the Group. After the expiry of a service period, the relevant Group Power Company shall, under the relevant Service Agreement, have the option to renew the service period for another three years (or such other period as may be permitted under the Listing Rules).

The service fees of the Service Agreements were negotiated on an arm's length basis and determined with reference to: (i) service capability and service quality of the Target Company and the relevant Target Subsidiaries and historical fees paid for the Services in the past; (ii) prevailing market price with reference to prices quoted by independent third parties which provide similar services; and (iii) the prevailing prices quoted by the Target Company and/or the Target Subsidiaries to independent third party customers. The service fee payable under each Service Agreement is a fixed fee (plus a discretionary bonus to be determined by the relevant Group Power Company based on the performance of the relevant Target Subsidiary, which is expected to be not more than 10% of the said fixed fee), and is payable monthly. The estimated total service fees payable under the Service Agreements by the Group Power Companies to the Target Subsidiaries are approximately RMB140 million, RMB160 million and RMB180 million for financial years ended 31 December 2023, 2024 and 2025 respectively.

Such estimated maximum amount of total service fees is determined in accordance with:

1. the historical amount of total service fees paid by the Group Power Companies to the Target Subsidiaries under the Service Agreements in the past; and

2. the expected future service demand of the Group Power Companies.

In the event the Group requires the Services for its new power plants in the future, the Company will compare the commercial terms (including the pricing) and capabilities offered by the Target Company and/or the relevant Target Subsidiaries and those offered by other independent third party service providers. The service fees under the new service agreements will be negotiated on an arm's length basis and determined with reference to the factors mentioned above. The Company will choose the one who offers the best commercial terms and capabilities as a whole for the provision of the Services to such new power plants.

Historical Amounts

The total historical amounts of the total service fees paid by the Group Power Companies to the Target Subsidiaries under the Service Agreements for the two years ended 31 December 2021 and 2022 respectively are set out as follows:

Period	**Amount** *(approx. RMB million)*
The financial year ended 31 December 2021	76.08
The financial year ended 31 December 2022	123.86

THE FINANCIAL ASSISTANCE, THE FINANCIAL GUARANTEES AND THE COUNTER-GUARANTEE

The Financial Assistance

The Group has provided the following financial assistance amounted to RMB90.76 million (the "**Financial Assistance**") to the Target Company and two Target Subsidiaries, of which:

(i) RMB60 million was the financial assistance provided by Century Concord Wind Power to two Target Subsidiaries, which is unsecured loans to two Target Subsidiaries (namely Shaanxi Guangxiang Wuxian Electrical Engineering Co., Ltd.* (陝西光享無限電力工程有限公司) as to a RMB20 million loan and Beijing Guangxiang Wuxian Technology Development Co., Ltd.* (北京光享無限科技發展有限公司) as to a RMB40 million loan) both commenced on 1 October 2022 and repayable on 31 December 2024 with an annual interest rate of 4.73%; and

(ii) RMB30.76 million was the financial assistance provided by Tianjin Green Energy International Leasing Co., Ltd.*（天津國銀新源國際租賃有限公司）("**Tianjin Green Energy**"), a wholly-owned subsidiary of the Company, to the Target Company by way of a finance lease arrangement in the form of sale by the Target Company of its gas generator sets and accessories (collectively the "**Leased Equipment**") to Tianjin Green Energy and the lease back by Tianjin Green Energy of the Leased Equipment to the Target Company with quarterly lease payments payable to Tianjin Green Energy. The finance period commenced on 28 November 2022 and will expire on 28 November 2027, and the applicable interest rate of the finance lease is 1-year

LPR plus 1.65% per annum adjustable annually on 1 January based on the 1-year LPR announced in the previous December. After the expiry of the said finance period, the Target Company has the option to buy back the Leased Equipment at RMB100.

The Financial Guarantees and the Counter-Guarantee

As at the date of this announcement, the Target Company has a total outstanding indebtedness of approximately RMB136.59 million owed to the Banks under the Loan Agreements. Century Concord Wind Power has provided Financial Guarantees to the Banks for such indebtedness to secure the Target Company's due repayment of the same.

The principal terms of the Financial Guarantees are set out below:

Name of the Banks	Maximum Amount of Credit Facility/Term Loan secured by the Financial Guarantees *(million)*	Date of granting of the Financial Guarantees	Expiration Date of the Financial Guarantees	Interest Rate of the Credit Facility/Term Loan *(% per annum)*
East West Bank Hong Kong Branch* (華美銀行香港分行)	US$7.227	30 December 2021	30 December 2024	5.0
Xiamen International Bank Beijing Branch* (厦門國際銀行北京分行)	RMB10	28 April 2023	27 November 2025	5.0
Nanyang Commercial Bank Suzhou Branch* (南洋商業銀行蘇州分行)	RMB30	28 April 2023	29 February 2024	3.95
Guangfa Bank Chegongzhuang Sub-branch* (廣發銀行車公莊支行)	RMB10	10 May 2023	9 May 2024	3.55
China CITIC Bank Beijing Branch* (中信銀行北京分行)	RMB12	23 May 2023	22 May 2024	3.9

Name of the Banks	Maximum Amount of Credit Facility/Term Loan secured by the Financial Guarantees *(million)*	Date of granting of the Financial Guarantees	Expiration Date of the Financial Guarantees	Interest Rate of the Credit Facility/Term Loan *(% per annum)*
China Merchants Bank Beijing Branch* (招商銀行北京分行)	RMB15	22 June 2023	29 June 2024	3.85
SPD Bank Beijing Branch* (浦發銀行北京分行)	RMB10	3 July 2023	29 June 2024	3.5
Minsheng Bank Beijing Yizhuang Sub-branch* (民生銀行北京亦莊支行)	RMB20	31 August 2023	17 August 2024	3.4
Total Amount:	US$7.227 + RMB107			

Since the Target Company and the Target Subsidiaries will cease to be subsidiaries of the Group upon completion of the Disposal, Century Concord Wind Power tried to seek from the Banks the release of Century Concord Wind Power from the Financial Guarantees. However, as Century Concord Wind Power was unable to obtain the consent of the Banks for the release of the Financial Guarantees, the Company entered into a Counter-Guarantee with the Target Company on 28 September 2023, pursuant to which the Target Company shall provide a pledge of its accounts receivables from the Service Agreements in favour of Century Concord Wind Power. The principal terms of the Counter-Guarantee are as follows:

Parties:	(i) Century Concord Wind Power; and (ii) the Target Company as counter-guarantor
Counter-Guarantee protection:	the Target Company, as the counter-guarantor, shall compensate Century Concord Wind Power for any loss of Century Concord Wind Power as the guarantor under the Financial Guarantees and the Performance Guarantee; and the Target Company will provide a pledge of the right to the accounts receivable from its existing and future Service Agreements with the Group Power Companies in favour of Century Concord Wind Power for the above compensation liabilities.
Guarantee period:	It covers the full term of the Financial Guarantee and the Performance Guarantee.

THE PERFORMANCE GUARANTEE

As at the date of this announcement, the Target Company has entered into the Third Party Service Agreement for the provision of the Services to the Third Party Power Company. Under the Third Party Service Agreement, the power plants of the Third Party Power Company operated and maintained by the Target Company (on its behalf) shall achieve a specified annual power generation capacity (the "**Agreed Capacity**"), failing which Century Concord Wind Power shall be liable to the Third Party Power Company under the Performance Guarantee to pay to the Third Party Power Company a penalty representing the shortfall in the power generation capacity multiplied by the agreed price of each unit of power generated. The period of the Performance Guarantee commenced from the commissioning date of the power plant (expected to be before the end of 2023) to 2044, and the maximum penalty estimated by the Company is RMB28 million. Since the Target Company will cease to be a subsidiary of the Company upon completion of the Disposal, Century Concord Wind Power tried to seek from the Third Party Power Company the release of Century Concord Wind Power from the Performance Guarantee. However, as the Century Concord Wind Power was unable to obtain the consent of the Third Party Power Company for the release of the Performance Guarantee, Century Concord Wind Power, the Third Party Power Company and the Target Company have reached a consensus that Century Concord Wind Power shall have the right to designate its subsidiary as the new service provider for the Third Party Power Company in substitution of the Target Company if Century Concord Wind Power reasonably considers that the Agreed Capacity cannot be fulfilled in any given year. Furthermore, the Target Company has provided the Counter-Guarantee to Century Concord Wind Power to compensate any loss of Century Concord Wind Power under the Performance Guarantee as mentioned above.

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.

As at the date of this announcement, the Target Company is ultimately owned as to 72% by the Group (comprising 63% interest in the Target Company held by Beijing Juyang, which is a wholly-owned subsidiary of the Company), as to 18% by the Subsidiary Level Management Shareholders, and as to 10% by Green Matters Investment Limited (which is owned by an independent third party).

Xizang Dingyu has been established by the Subsidiary Level Management Shareholders solely for the purposes of holding the shareholding interest in the Target Company. Xizang Dingyu is held by the Subsidiary Level Management Shareholders under limited partnership structure, the general partner of which is Beijing Fangyuan, and the limited partners of which are the Subsidiary Level Management Shareholders. Hence, Beijing Fangyuan controls 100% of the shareholding interest in Xizang Dingyu. The Subsidiary Level Management Shareholders comprise a total of 64 directors (including Mr. Lu) and employees of the Target Company and/or the Target Subsidiaries, which do not comprise any connected persons of the Company at the issuer level.

FINANCIAL EFFECTS OF THE DISPOSAL

After the Completion Registration, the Company will cease to have more than 50% interest in the Target Company, and the Target 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.

The Company estimates that it will recognise a total unaudited gain of approximately RMB71.36 million from the Disposal, being the amount equal to (i) the Consideration; adding (ii) investment retained in the Target Company at its fair value at the date when control is lost, being the date when the Company's control of the Target Company decreases from 72% to 43.25%; minus (iii) the unaudited net asset value of the Target Company at their carrying amount as at the date when control is lost; minus (iv) the unaudited goodwill of the Target Company as at the date when control is lost. The actual gain arising from the Disposal to be recorded is subject to audit. Hence, the audited gain may be different from the said estimated 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 Target Company is principally engaged in service business, and its healthy and rapid development is highly related to its management. The transfer of control in the Target Company to its management will enhance the commitment and efforts of the management team and help promote the rapid development of its business. The operation and maintenance business is a labor-intensive service. Due to the expansion of business scale, the number of employees of the operation and maintenance business has increased rapidly, currently accounting for approximately 70% of the total employees of the Group. The Group's cease of control over the Target Company will enable the Group to devote more efforts to the development of its core business. The sale of the Sale Share held by the Group can provide the Group with immediate sale proceeds and additional cash reserves.

The Board (including all the independent non-executive Directors) considers that the terms of the Share Transfer Agreement (including the amount of the contract sum) are fair and reasonable, and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. The Board also considers that the Disposal can (i) generate an immediate disposal gain for the Group; (ii) receive additional cash reserves for the Group's development; and (iii) allow the Group to continue to share the future increase in profit of the Target Company by retaining an interest of it.

None of the Directors have any material interests in the Share Transfer Agreement or is required to abstain from voting on the relevant board resolutions approving the Share Transfer Agreement.

VALUATION

According to the Valuation Report, the appraised value of the entire equity interest of the Target Company as at the Valuation Date using the discounted cash flow method of the income approach amounted to approximately RMB325.29 million.

Selection of valuation methods

The Valuer adopted both income approach and asset-based approach for the valuation of the entire equity interest of the Target Company as at the Valuation Date.

The income approach is a valuation method that discounts expected earnings to determine the value of the appraised entity. The discounted cash flow method of the income approach estimates the appraised value of an entity by estimating the projected net cash flows that the appraised entity is expected to generate and discounting them to the present value using an appropriate discount rate (which is 11.4% for the present valuation). Based on such approach, the appraised value of the entire equity interest of the Target Company as at the Valuation Date was approximately RMB325.29 million.

The asset-based approach adopted in the Valuation Report involves estimating the investment required to recreate a separate and independent entity with the same assets and liabilities as the appraised entity. To determine the value of the appraised entity, various elements of assets and liabilities within the entity are assessed using appropriate specific valuation methods. The assessed values of the different elements of assets and liabilities are then aggregated to determine the overall value of the appraised entity. It focuses on the underlying assets and liabilities of the appraised entity to determine its value. Based on such approach and as at the Valuation Date: (i) the appraised value of the total current assets was approximately RMB409.74 million (compared to its book value of approximately RMB409.74 million as at 30 June 2023); (ii) the appraised value of the total non-current assets was approximately RMB111.71 million (compared to its book value of approximately RMB95.40 million as at 30 June 2023); (iii) the appraised value of the total current liabilities was approximately RMB331.85 million (compared to its book value of approximately RMB331.85 million as at 30 June 2023); (iv) the appraised value of the total non-current liabilities was approximately RMB31.83 million (compared to its book value of approximately RMB31.83 million as at 30 June 2023); and (v) the appraised value of the net asset of the Target Company as at the Valuation Date was approximately RMB157.78 million (compared to its book value of approximately RMB141.47 million as at 30 June 2023).

The discrepancy between the asset-based approach and the income approach in evaluating the value of the entire equity interest of the Target Company reflects the different perspectives and considerations taken into account by these two methods. The income approach is an evaluation method that determines the value of assets by converting a company's future earnings into present value. The evaluation technology of the income approach reflects the "expectation principle" of assets well, and its future income present value can reflect the contribution of various resources possessed by the enterprise to the enterprise value, so that the evaluation process can comprehensively reflect the profitability and growth ability of the enterprise, and can reflect all tangible and intangible assets and profitability owned by the enterprise in the evaluation results, thus making the evaluation results more fair; from the perspective of investment, the value of a company is determined by its profitability, and the return on equity investment is achieved by obtaining equity returns, which are the basis for equity pricing. Based on the above reasons, we believe that the evaluation results using the income method are more in line with the value connotation of the evaluation object corresponding to this economic behavior. Therefore, the Valuation Report adopts the income approach valuation result of approximately RMB325.29 million as the final valuation conclusion.

Profit Forecast in relation to the Valuation

As the discounted cash flow method of the income approach was applied in the Valuation, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, the requirements under Rules 14.62 and 14A.68(7) of the Listing Rules are applicable.

Details of the principal assumptions (including the commercial assumptions) upon which the Profit Forecast is based are as follows:

(i) General assumptions

1. Trading hypothesis

It is assumed that all valuation targets are already in the process of trading, and the professional Valuer makes a valuation based on simulated market such as the trading conditions of the assets to be valuated.

2. Open market hypothesis

It means that the assets can be bought and sold freely in a sufficiently competitive market, where the price depends on the value judgement of the assets by independent buyers and sellers in the supply situation of a certain market.

3. Continuing operation hypothesis

It refers to the assumption that the operating activities of an operating entity can continue, and that the operating activities of the entity will not be suspended or terminated in a predictable time in the future.

(ii) Special assumptions

1. There have been no significant changes in the relevant laws, regulations and policies in force or in the macroeconomic situation of the PRC, and there have been no significant changes in the political, economic and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the assets will operate on a going concern basis according to the actual situation of the assets on the Valuation Date.

3. It is assumed that the Target Company and its proposed consolidated subsidiaries can still meet the recognition criteria for high-tech enterprises and enjoy preferential income tax rate policies within the prediction period after the expiration of their current high-tech enterprise certificates, and it is assumed that the relevant policies for the deduction ratio of R&D expenses will continue; it is assumed that the enterprise continues to operate and the necessary qualifications and channels for conducting business activities can be obtained and used continuously during the forecast period.

4. It is assumed that the newly signed contracts, the contracts entering the signing process, and customers who are expected to cooperate with in the future will perform as expected.

5. It is assumed that the Target Company and its proposed consolidated subsidiaries will be able to continue to take up the leases upon expiry of the contracts, so as to ensure the normal operation of the enterprise.

6. It is assumed that the expected investment projects of the valuated entity after the Valuation Date can be executed as scheduled, except for the existing expected investment projects, the expansion of business capabilities that may be caused by management, business strategies, and additional investments in the future is not considered.

7. It is assumed that there will be no material changes to the interest rates, exchange rates, tax bases and tax rates, policy levy, etc.

8. The current market value, which is determined on the premise of continuous use and an open market, does not take into account the impact on its assessed value of collateral and guarantees that may be assumed in the future and the additional price that may be paid for special trading methods, nor does it take into account the impact on the price of the asset of changes in the PRC's macro-economic policies and the impact of natural forces and other force majeure.

9. This valuation assumes that the basic and financial information provided by the client and the valuated entity is true, accurate, and complete.

10. This valuation has not taken into account the impact of potential infringement of technology assets, technology leakage, etc. on the valuation.

11. It is assumed that the cash inflow and cash outflow of the valuated entity will flow in and flow out evenly after the Valuation Date.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based and are of the view that the Profit Forecast was made after due care and enquiry.

In accordance with Rule 14.62(2) of the Listing Rules, the Company has engaged its reporting accountants, KPMG, to report on the calculations of the discounted future cash flows used in the Valuation. KPMG has reported to the Directors that so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. The reporting accountants' work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the valuation of the Target Company.

A letter from the board of Directors and a report from KPMG are included in the appendices to this announcement for the purposes of Rules 14.62(2), 14.62(3) and 14A.68(7) of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	**Qualification**
KPMG	Certified Public Accountants
Beijing Zhongtianhua Asset Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司)	Independent Professional Valuer

To the best knowledge, information and belief of the board of Directors and having made all reasonable enquiries, the experts are third parties independent of the Group and its connected persons. As at the date of this announcement, each of the experts:

(i) has given, and has not withdrawn, its written consent to the publication of this announcement that includes its letter/report/statements and all references to its name in the form and context in which they appear; and

(ii) does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities in any member of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company indirectly holds 72% of the entire issued share capital of the Target Company. Mr. Lu is a director of the Target Company and, thus, a connected person of the Company at the subsidiary level. Xizang Dingyu is ultimately 100%-owned by the Subsidiary Level Management Shareholders through limited partnership structure, the general partner of which is Beijing Fangyuan. As Mr. Lu owns a 99% interest in Beijing Fangyuan, Xizang Dingyu is an associate of Mr. Lu and, thus, a connected person of the Company at the subsidiary level.

The highest Applicable Percentage Ratio for the Share Transfer Agreement is more than 5% but less than 25%, and the Consideration exceeds HK$10 million. The Share Transfer Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is thus subject to the notification and publication requirements under Chapter 14 of the Listing Rules. The Board has approved the Disposal, and the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement are fair and reasonable, and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Hence, pursuant to Rule 14A.101 of the Listing Rules, the Share Transfer Agreement constitutes a connected transaction for the Company subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon completion of the Disposal, Mr. Lu will (through its control of Xizang Dingyu as aforesaid) control the Target Company as to approximately 46.75% thereof. Accordingly, the Target Company and the Target Subsidiaries will become associates of Mr. Lu and, thus, connected persons of the Company at the subsidiary level. Prior to the date of this announcement, (i) the Group Power Companies (which are subsidiaries of the Company) have entered into the Service Agreements with the Target Subsidiaries; (ii) the Group has provided the Financial Assistance to the Target Company and two Target Subsidiaries; and (iii) Century Concord Wind Power has provided the Guarantees in relation to the Loan Agreements and the Third Party Service Agreement, and the Target Company has, in return, provided the Counter-Guarantee to Century Concord Wind Power.

Upon completion of the Disposal, the continuing transactions under the Service Agreements, the Financial Assistance, the Guarantees and the Counter-Guarantee will thus become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the provision of the Counter-Guarantee by the Target Company to Century Concord Wind Power is based on normal commercial terms or better and will not be secured by the Group's assets, the Counter-Guarantee is fully exempt from the reporting, annual review, announcement and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules. As such, the Company is required to comply with the disclosure and annual review requirements pursuant to Rule 14A.60 of the Listing Rules with respect to the Services Agreements, the Financial Assistance, the Guarantees and the Counter-Guarantee. The Company will further comply with all applicable reporting, disclosure and, if applicable, independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Service Agreements, the Financial Assistance, the Guarantees or the Counter-Guarantee.

DEFINITIONS

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

"Applicable Percentage Ratio", "connected person(s)", "issuer level", "subsidiary level" and "subsidiary(ies)"	have the meanings ascribed to them under the Listing Rules;
"Banks"	the banks set out in the paragraph headed "The Financial Guarantees and the Counter-Guarantee" of this announcement;
"Beijing Fangyuan"	Beijing Fangyuan New Energy Technology Co., Ltd.*(北京方源新能源科技有限公司), a company established in the PRC, which is owned as to 99% by Mr. Lu and as to 1% by one of the Subsidiary Level Management Shareholders;
"Beijing Juyang"	Beijing Juyang Juhe Solar Power Technology Development Co., Ltd.* (北京聚陽聚合太陽能科技發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement;
"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 Xizang Dingyu for the purchase of the Sale Share;
"Counter-Guarantee"	the counter-guarantee provided by the Target Company to Century Concord Wind Power in relation to the Guarantees as described in the paragraph headed "The Financial Guarantees and the Counter-Guarantee" of this announcement;
"Director(s)"	the director(s) of the Company;

"Disposal"	the disposal of the Sale Share by Beijing Juyang to Xizang Dingyu;
"Financial Assistance"	the financial assistance provided by the Group as defined and described in the paragraph headed "The Financial Assistance" of this announcement;
"Financial Guarantees"	the financial guarantees entered into between Century Concord Wind Power and each of the Banks to guarantee the repayment of the Target Company's indebtedness under the Loan Agreements as described in the paragraph headed "The Financial Guarantees and the Counter-Guarantee" of this announcement;
"Group"	the Company and its subsidiaries;
"Group Power Company(ies)"	subsidiary(ies) of the Company holding wind and solar power plants;
"Guarantees"	the Financial Guarantees and the Performance Guarantee;
"HK$"	Hong Kong dollar, 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;
"Loan Agreements"	the loan agreements entered into between the Target Company and each of the Banks during the period from 2021 to 2023 as set out in the paragraph headed "The Financial Guarantees and the Counter-Guarantee" of this announcement;
"LPR"	the loan prime rate (貸款市場報價利率) announced by the National Interbank Funding Center (全國銀行間同業拆借中心) from time to time;
"Mr. Lu"	Mr. Lu Yichuan, a director of the Target Company;
"MW"	megawatt;

"Performance Guarantee"	the performance guarantee entered into between Century Concord Wind Power and to guarantee the power generation capacity of the power plants of the Third Party Power Company operated and maintained by the Target Company (on its behalf) under the Third Party Service Agreement as described in the paragraph headed "The Performance Guarantee" of this announcement;
"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;
"Profit Forecast"	a profit forecast for the purpose of Rule 14.61 of the Listing Rules, in which the Valuation constitutes;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Share"	the 28.75% shareholding interest in the Target Company;
"Service Agreements"	the service agreements entered into between the Group Power Companies and the Target Subsidiaries respectively for the provision of the Services to the Group Power Companies;
"Share Transfer Agreement"	the share transfer agreement dated 27 October 2023 between Beijing Juyang and Xizang Dingyu for the Disposal;
"Shareholder(s)"	holder(s) of the shares of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subsidiary Level Management Shareholders"	64 directors (including Mr. Lu) and employees of the Target Company and/or the Target Subsidiaries, which do not comprise any connected persons of the Company at the issuer level;
"Target Company"	Beijing Century Concord Operation and Maintenance Co., Ltd.* (北京協合運維風電技術有限公司), a company established in the PRC with limited liability and a 72%-owned subsidiary of the Company as at the date of this announcement;
"Target Subsidiary(ies)"	the subsidiary(ies) of the Target Company;
"Third Party Power Company"	Guangzhou Yue Sheng Photovoltaic Technology Co. Ltd.* (廣州越晟光伏科技有限公司), a company established in the PRC and an independent third party;

"Third Party Service Agreement"	the third party service agreement entered into between the Third Party Power Company and the Target Company on 14 February 2023 for the provision of operation and maintenance services by the Target Company to the Third Party Power Company;
"Valuation"	the valuation of the entire equity interests of the Target Company as at the Valuation Date using the discounted cash flow method of the income approach prepared by the Valuer;
"Valuation Date"	30 June 2023;
"Valuation Report"	the valuation report dated 26 August 2023 prepared by the Valuer in respect of the Target Company for the purpose of the Disposal;
"Valuer"	Beijing Zhongtianhua Asset Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司);
"Xizang Dingyu"	Xizang Dingyu Century Concord Energy Development Co., Ltd.* (西藏鼎玉協合能源開發有限公司), a company established in the PRC with limited liability;
"%"	per cent.

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

Hong Kong, 27 October 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*

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

KPMG

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF BEIJING CENTURY CONCORD OPERATION AND MAINTENANCE CO., LTD.[1] (北京協合運維風電技術有限公司)

TO THE BOARD OF DIRECTORS OF CONCORD NEW ENERGY GROUP LIMITED

We refer to the discounted future cash flows on which the business valuation (the "**Valuation**") dated 26 August 2023 prepared by Zhongtianhua Asset Appraisal Company[1] (北京中天華資產評估有限責任公司) in respect of the appraisal of the fair value of Beijing Century Concord Operation and Maintenance Co., Ltd. (the "**Target Company**") as at 30 June 2023 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of Concord New Energy Group Limited (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1"Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

[1] *The English name is for identification purposes only.*

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Certified Public Accountants
Hong Kong

27 October 2023

APPENDIX II – LETTER FROM THE BOARD OF DIRECTORS

Set out below is the full text of the letter from the Board for the inclusion in this announcement.

27 October 2023

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central Hong Kong

Dear Sirs,

We refer to the announcement of Concord New Energy Group Limited (the "**Company**") dated 27 October 2023 (the "**Announcement**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Valuation Report dated 26 August 2023 issued by the Valuer regarding the valuation of the entire equity interests in the Target Company as at the Valuation Date using the discounted cash flow method of the income approach, which constitutes a profit forecast as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report dated 27 October 2023 from KPMG regarding whether the Profit Forecast, so far as the calculations are concerned, have been properly complied in all material respects in accordance with the bases and assumptions as set out in the Valuation Report. We have noted that the Profit Forecast in the Valuation are mathematically accurate.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board hereby confirms that the Profit Forecast has been made after due and careful enquiry of the Board.

Yours faithfully,
For and on behalf of the Board
Concord New Energy Group Limited
Liu Shunxing
Chairman