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## **Concord New Energy Group Limited**

**協合新能源集團有限公司 \***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF PROJECT COMPANY**

The Board hereby announces that after trading hours on 15 January 2025, several wholly-owned subsidiaries of the Company (namely Xinyuan Juneng, Yilan Century Concord and Century Concord Wind Power) entered into the Disposal Agreement with ACWA to dispose of the 100% equity interest in Yilan Century Concord to ACWA at the Total Consideration of approximately RMB506,107,000.

#### **IMPLICATIONS UNDER THE LISTING RULES**

The highest Applicable Percentage Ratio for the Disposal is more than 5% but less than 25%. Hence, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board hereby announces that after trading hours on 15 January 2025, several wholly-owned subsidiaries of the Company (namely Xinyuan Juneng, Yilan Century Concord and Century Concord Wind Power) entered into the Disposal Agreement with ACWA for the Disposal. Details of the Disposal and the principal terms of the Disposal Agreement are set out below.

## Disposal Agreement

Date: 15 January 2025

Parties: (i) Xinyuan Juneng as the seller;

(ii) ACWA as the purchaser;

(iii) Yilan Century Concord as the target company; and

(iv) Century Concord Wind Power as the guarantor.

Subject matter: Sale Shares, representing the 100% equity interest in Yilan Century Concord, comprising the First Tranche Sale Shares (representing 80% equity interest in Yilan Century Concord) and the Second Tranche Sale Shares (representing 20% equity interest in Yilan Century Concord).

## Consideration

The Total Consideration payable by ACWA for the purchase of the Sale Shares shall be approximately RMB506,107,000, subject to adjustment as set out below. The First Tranche Consideration is approximately RMB404,886,000 and the initial Second Tranche Consideration is approximately RMB101,221,000 (the “**Initial Second Tranche Consideration**”) subject to adjustment as set out below. 80% of the profit of Yilan Century Concord during the Transitional Period shall belong to ACWA.

The Total Consideration was arrived at after arm’s length negotiation between Xinyuan Juneng and ACWA with reference to (i) the unaudited net asset value of Yilan Century Concord as at 31 August 2024 of approximately RMB374,470,000; (ii) the past business performance and future business prospects of Yilan Century Concord; and (iii) the reasons and benefits set out in the paragraph headed “Reasons for and Benefits of the Disposal” below.

As at the date of this announcement, Century Concord Wind Power has already given a guarantee (the “**Guarantee**”) for the loan owed by Yilan Century Concord to a financial institution (which is an independent third party) amounting to approximately RMB1,238,515,000 as at 30 November 2024. Yilan Century Concord shall arrange for the release of the Guarantee after the First Tranche Completion. In the event that the Guarantee fails to be released within the five-month period from the First Tranche Completion, Yilan Century Concord shall pay a guarantee fee to Century Concord Wind Power for the period commencing from the expiry of the said five-month period and ending on the date of release of the Guarantee (the “**Guarantee Period**”), which is accrued on a daily basis equal to (i) the outstanding amount of the principal of the loan subject to the Guarantee multiplied by (ii) an annualised interest rate of 2%. The guarantee fee shall be payable within 10 working days after the release of the Guarantee, and, if the Guarantee Period being more than 1 year, shall also be payable within 10 working days after the anniversary of the commencement of the Guarantee Period.

## Conditions and Completion

The First Tranche Completion shall take place within 10 working days or such other longer period as agreed by the parties after the fulfillment or waiver by ACWA of the conditions as described below (“**Conditions I**”):

- a. the shareholders’ agreement in respect of Yilan Century Concord having been duly signed by ACWA and Xinyuan Juneng in the form as stipulated in the Disposal Agreement;
- b. Xinyuan Juneng having procured Yilan Century Concord to obtain a consent letter in relation to the First Tranche Disposal from a financial institution (being an independent third party), and the said consent letter consents to the continuous performance of the existing financing documents without any unfavorable additional requirements or conditions;
- c. Yilan Century Concord having agreed with the existing service provider (not being a connected person of the Company) on the termination of the operation & maintenance contract; and Xinyuan Juneng having procured the said service provider to agree on the new operation & maintenance contract with ACWA’s related party as designated by ACWA (being an independent third party);
- d. as at the date of the First Tranche Completion, there being no outstanding disputes or claims between Yilan Century Concord and its historical and/or existing related parties;
- e. the representations and warranties of Xinyuan Juneng and Yilan Century Concord being true, accurate and complete in all respects and free from all omissions and not misleading in any material respects, and Xinyuan Juneng and Yilan Century Concord having performed and complied with all their covenants, undertakings and obligations on or prior to the date of the First Tranche Completion;
- f. Yilan Century Concord not having experienced a material adverse effect under the Disposal Agreement during the Transitional Period (or, although such a material adverse effect has occurred, it has been remedied within thirty days from the date of its occurrence, or the parties have reached an agreement in writing to address such material adverse effect (or an event related to such material adverse effect)); and
- g. a designated agreement having been signed by Yilan Century Concord with the wind power turbine supplier (being an independent third party), which shall provide warranty services to Yilan Century Concord.

In the event that any of the Conditions I is not fulfilled, or waived by ACWA, by 30 June 2025 or such other date as agreed in writing by the parties, each of Xinyuan Juneng and ACWA has the right to terminate the Disposal Agreement, whereupon the First Tranche Completion and the Second Tranche Completion shall not take place and the Disposal Agreement shall no longer have any effect or be binding on any of the parties thereto.

After three years having passed since the First Tranche Completion and the obtaining of all necessary consent from the financial institution (if any), the Second Tranche Completion shall take place within 10 working days or such other longer period as agreed by the parties after the fulfillment or waiver by ACWA of the conditions as described below (“**Conditions II**”):

- a. there being no circumstances (such as non-fulfillment of the Conditions I, force majeure, etc.) having occurred which entitles ACWA to terminate the Disposal Agreement and/or to require Xinyuan Juneng to purchase back the First Tranche Sale Shares as mentioned below; and
- b. there being no serious breaches by Xinyuan Juneng of its obligations or warranties under any of the Transaction Documents.

## **Payment**

The First Tranche Consideration shall be paid by ACWA to Xinyuan Juneng in cash in the following manner:

1. Within 7 working days after the following conditions having been fulfilled or waived by ACWA, which is expected to be before the end of February 2025, 50% of the First Tranche Consideration (i.e. approximately RMB202,443,000) shall be paid to Xinyuan Juneng:
  - a. the First Tranche Completion having been completed;
  - b. Yilan Century Concord having completed the handover to ACWA of its commerce materials and financial materials (such as business licence and other certificates, company seal and etc.) (the “**First Batch Materials**”); and
  - c. Xinyuan Juneng and its affiliates having settled all outstanding payables and receivables between them and Yilan Century Concord.
2. Within 7 working days after the following conditions having been fulfilled or waived by ACWA, which is expected to be before mid-March 2025, 30% of the First Tranche Consideration (i.e. approximately RMB121,466,000) shall be paid to Xinyuan Juneng:
  - a. Xinyuan Juneng and its affiliates having settled all outstanding payables and receivables between them and Yilan Century Concord; and
  - b. Yilan Century Concord having completed the handover of the documents and records relating to itself or the Target Project other than the First Batch Materials.

3. Within 7 working days after the following conditions having been fulfilled or waived by ACWA, which is expected to be before the end of April 2025, approximately RMB52,977,000 (minus all deductions (if any) from the First Tranche Consideration entitled by ACWA under the Disposal Agreement) shall be paid to Xinyuan Juneng:
  - a. ACWA and Xinyuan Juneng having agreed on the financial position of Yilan Century Concord for the Transitional Period as verified and confirmed by an accounting firm appointed by ACWA; and
  - b. Xinyuan Juneng and its affiliates having settled all outstanding payables and receivables between them and Yilan Century Concord.
4. Within 7 working days after each defect stipulated in the Disposal Agreement having been rectified (including obtaining compliance documentation, receiving full payment of unsettled electricity charges and extending the warranty period for gearboxes), or waived by ACWA, a specified sum shall be paid to Xinyuan Juneng totalling RMB28,000,000 for all defects.

The Second Tranche Consideration shall be paid by ACWA to Xinyuan Juneng in cash within 10 working days after the Second Tranche Completion. The Second Tranche Consideration is to be adjusted based on the following formula:

$$P = S - D + A - C$$

*Notes:*

*“P” means the final amount of the Second Tranche Consideration.*

*“S” means the Initial Second Tranche Consideration.*

*“D” means the dividends received by Xinyuan Juneng from Yilan Century Concord or dividends declared but not yet paid by Yilan Century Concord to Xinyuan Juneng during the period from the date of the First Tranche Completion to the date of the Second Tranche Completion.*

*“A” means the difference between A1 and A2: “A1” being the capital utilization fee in respect of the Initial Second Tranche Consideration accrued on a daily basis at a simple interest rate of 3.5% per annum, and “A2” being the capital utilization fee in respect of all the dividends paid by Yilan Century Concord to Xinyuan Juneng between the date of the First Tranche Completion and the date of the Second Tranche Completion plus C accrued on a daily basis at a simple interest rate of 3.5% per annum.*

*“C” means all deductions from the Second Tranche Consideration entitled by ACWA under the Disposal Agreement.*

It is expected that the Second Tranche Conditions will be fulfilled before April 2028, and the final amount of the Second Tranche Consideration will not exceed RMB113,000,000. Accordingly, the Total Consideration is expected to be not exceeding RMB517,886,000.

## Shareholders' Agreement

The Shareholders' Agreement will take effect on the date of the First Tranche Completion, which governs the management and corporate affairs of Yilan Century Concord and the rights of its shareholders, and its principal terms are as follows:

- a. Yilan Century Concord shall have one director to be nominated by ACWA;
- b. the voting power of each shareholder of Yilan Century Concord at its shareholders' meetings shall be in proportion to the contributed capital in Yilan Century Concord owned by each shareholder;
- c. apart from certain important corporate matters (such as changes in registered capital and articles of association, and the dissolution and merger of Yilan Century Concord, provision of material guarantees and loans, and etc.) requiring the approval of not less than two-third of the voting power, approvals at shareholders' meetings of Yilan Century Concord require more than half of the voting power at shareholders' meetings;
- d. if any shareholder of Yilan Century Concord proposes to transfer its equity interest to any third party, other shareholders of Yilan Century Concord shall have a pre-emptive right to acquire the same;
- e. if Yilan Century Concord proposes to increase its registered capital, its shareholders shall have the pre-emptive right to acquire portions of the amount of the registered capital to be increased in proportion to the registered capital in Yilan Century Concord owned by them;
- f. there are no capital commitments imposed on any of the shareholders of Yilan Century Concord; and
- g. the total annual salary and other remuneration of Yilan Century Concord shall not exceed RMB1.5 million, and where this limit is exceeded, Xinyuan Juneng shall have the right to veto.

## Termination and Rescission

ACWA has the right to terminate and rescind the Disposal Agreement by requiring Xinyuan Juneng to purchase the First Tranche Sale Shares and/or the Second Tranche Sale Shares (the “**Returned Shares**”) from ACWA if any of the following events occurs after the First Tranche Completion:

1. the following events occurs, for which Xinyuan Juneng fails to remedy or pay compensation to ACWA within 180 days after receiving the relevant notice from ACWA:
  - a. Xinyuan Juneng having committed a material breach of any of its obligations or warranties under any of the Transaction Documents, which materially affects the continuous operation of the Target Project or results in the dismantling of more than 20% of the Target Project’s approved capacity;
  - b. the occurrence of any cause or event prior to the date of the First Tranche Completion resulting in a material adverse effect on the Yilan Century Concord or Yilan Century Concord being demanded to pay a total sum of RMB50 million or more by the relevant governmental authorities or other third parties for the use of land by the Target Project after the First Tranche Completion (other than as a result of changes in laws, regulations or policies after the date of the First Tranche Completion);
  - c. due to the use of land by the Target Project, the relevant government authorities requiring the dismantling of the tower foundations involving more than 20% of the Target Project’s approved capacity, or causing continuous shutdown of wind turbines accounting for more than 20% of the Target Project’s approved capacity for more than 30 consecutive days, or Yilan Century Concord incurring a total loss of more than RMB50 million (other than as a result of changes in laws, regulations or policies after the date of the First Tranche Completion); and
2. the use of land by the Target Project being subject to criminal investigation or sanction.

In the event of the said termination and rescission, Xinyuan Juneng shall return all amounts paid by ACWA within 30 days after receiving the written notice from ACWA. The returned amount shall be: the consideration paid by ACWA, the capital increase paid to Yilan Century Concord, the fees paid for resolving the issues of the Target Project, and the related capital utilisation fee for each payment calculated at a simple interest rate of 6% per annum; minus the actual dividends received by ACWA (or its designated related parties) from Yilan Century Concord, the actual compensation amount paid by Xinyuan Juneng directly to ACWA, and the related capital utilisation fee for each payment calculated at a simple interest rate of 6% per annum. On the date of return of all amounts by Xinyuan Juneng to ACWA, ACWA shall return the Returned Shares to Xinyuan Juneng, and Xinyuan Juneng and ACWA shall cooperate to complete the relevant filing and registration procedures. Further announcement will be made if the said right to terminate/rescind is exercised by ACWA.

## **INFORMATION ON YILAN CENTURY CONCORD**

Yilan Century Concord was established as a limited liability company in the PRC on 20 December 2018 with a registered capital of RMB345,000,000. Yilan Century Concord is principally engaged in the operation of a 200 MW wind power plant project located in Yilan County, Harbin City, Heilongjiang Province, the PRC.

The audited net profit before and after taxation of Yilan Century Concord for the year ended 31 December 2022 were approximately RMB65,928,000 and RMB64,748,000 respectively. The audited net profit before and after taxation of Yilan Century Concord for the year ended 31 December 2023 were approximately RMB28,266,000 and RMB24,920,000 respectively. The unaudited net asset value of Yilan Century Concord as at 31 August 2024 was approximately RMB374,470,000.

## **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.

Xinyuan Juneng is a wholly-owned subsidiary of the Company and is principally engaged in the investment and holding of wind power projects in the PRC.

Yilan Century Concord is a wholly-owned subsidiary of the Company and is principally engaged in the investment and operation of wind power projects in the PRC.

Century Concord Wind Power is principally engaged in investing in wind and solar power projects in the PRC.

ACWA is principally engaged in the businesses of development and investment in new energy, seawater desalination and green hydrogen. Insofar as the Company is aware, as at the date of this announcement, ACWA is wholly-owned by ACWA Power Global Services Limited, a company wholly-owned by the Saudi Arabian government through the Saudi Arabia sovereign wealth fund. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, ACWA and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

After the First Tranche Completion, Yilan Century Concord will be held as to 80% by ACWA and as to 20% by Xinyuan Juneng. According to the accounting standards applicable to the Company, the Second Tranche Sale Shares will be treated as if they are being disposed of simultaneously with the First Tranche Sale Shares at a consideration equal to the Initial Second Tranche Consideration. Thus, the Group will account for as having no equity interest in Yilan Century Concord in its consolidated



financial statements after the First Tranche Completion. After the First Tranche Completion and before the Second Tranche Completion, Xinyuan Juneng shall account for the Initial Second Tranche Consideration as an other receivables.

The Company estimates that it will recognise a total unaudited gain of approximately RMB98,826,000 from the Disposal in the financial year in which the First Tranche Completion takes place (which is expected to be 2025), being the amount equal to (i) the First Tranche Consideration of approximately RMB404,886,000; plus (ii) the Initial Second Tranche Consideration of approximately RMB101,221,000; minus (iii) the unaudited net asset value of Yilan Century Concord at the consolidated statement level as at 30 November 2024 of approximately RMB407,281,000. The actual gain arising from the Disposal is subject to audit. The capital utilization fee in respect of the Initial Second Tranche Consideration (which is accrued on a daily basis at a simple interest rate of 3.5% per annum) will be accounted for as other income in each of the financial years from the date of the First Tranche Completion to the date of the Second Tranche Completion (which is expected to be 2028).

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 BENEFIT OF THE DISPOSAL**

The Group has adopted a “build and transfer” strategy, whereby the Group builds power plants and disposes of its interests therein upon completion or commencement of the operation of the power plants. The Directors consider that the “build and transfer” strategy allows the Group to fully leverage its strengths in wind and solar power plant development and power plant construction, to achieve more attractive investment returns and improve the Group’s cash flow returns, thus reducing the debt ratio to support the stable and rapid growth of the Group.

The Board considers that the terms of the Disposal are fair and reasonable, and will provide an additional capital resource to the Company so as to support other investment opportunities, and is in the interests of the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The highest Applicable Percentage Ratio for the Disposal is more than 5% but less than 25%. Hence, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“ACWA”	ACWA (Shanghai) New Energy Co., Ltd.* (沙電(上海)新能源有限公司), a company established in the PRC with limited liability;
“Applicable Percentage Ratio”, “connected person(s)” and “subsidiary(ies)”	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;
“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 First Tranche Disposal and the Second Tranche Disposal;
“Disposal Agreement”	the disposal agreement dated 15 January 2025 between Xinyuan Juneng, ACWA, Yilan Century Concord and Century Concord Wind Power for the Disposal;
“First Tranche Completion”	completion of the First Tranche Disposal, which involves the registration of the industrial and commercial changes and the obtaining of new business licence (if any) in respect thereof;
“First Tranche Consideration”	the consideration payable by ACWA for the purchase of the First Tranche Sale Shares;
“First Tranche Disposal”	the disposal of the First Tranche Sale Shares by Xinyuan Juneng to ACWA;
“First Tranche Sale Shares”	the 80% equity interest in Yilan Century Concord;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	megawatt;
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	the First Tranche Sale Shares and the Second Tranche Sale Shares;
“Second Tranche Completion”	completion of the Second Tranche Disposal, which involves the registration of the industrial and commercial changes and the obtaining of new business licence (if any) in respect thereof;
“Second Tranche Consideration”	the consideration payable by ACWA for the purchase of the Second Tranche Sale Shares;
“Second Tranche Disposal”	the disposal of the Second Tranche Sale Shares by Xinyuan Juneng to ACWA;
“Second Tranche Sale Shares”	the 20% equity interest in Yilan Century Concord;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into by Xinyuan Juneng and ACWA prior to the First Tranche Completion in the form as stipulated by the Disposal Agreement, details of which are set out in the paragraph headed “Shareholders’ Agreement” in this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Project”	the 200 MW wind power project situated in Yilan County, Harbin City, Heilongjiang Province, the PRC;
“Total Consideration”	the First Tranche Consideration and the Second Tranche Consideration (subject to adjustment as mentioned above);

“Transaction Documents”	the Disposal Agreement, the new articles of association of Yilan Century Concord, the Shareholders’ Agreement and other ancillary documents specified in any of them;
“Transitional Period”	the period from 31 August 2024 to the date of the First Tranche Completion;
“Xinyuan Juneng”	Xinyuan Juneng (Wuhan) Technology Co., Ltd* (新源聚能(武漢) 科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Yilan Century Concord”	Yilan County Century Concord Wind Power Co., Ltd.* (依蘭縣協合風力發電有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 15 January 2025

*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, Ms. Shang Jia and Mr. Chan Kam Kwan, Jason (who are executive Directors), Mr. Wang Feng (who is a non-executive Director) and Mr. Jesse Zhixi Fang, Ms. Li Yongli, Mr. Chua Pin, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).*

*\* For identification purposes only*