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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**

**FINANCE LEASE ARRANGEMENT**

The Company is pleased to announce that on 5 December 2018 (after trading hours), Kangbao Concord (as lessee), Haotai New Energy (as supplier) and China Resources (as purchaser and lessor) entered into the Finance Lease Arrangement, pursuant to which (i) China Resources has agreed to purchase the Equipment from Haotai New Energy, at the consideration in the amount of RMB254,230,000 (equivalent to approximately HK\$287,279,900); and (ii) China Resources has agreed to lease the Equipment to Kangbao Concord for a term of 10 years, to be payable in 40 quarterly installments, at an estimated total lease payments in the amount of approximately RMB352,667,856 (equivalent to approximately HK\$398,514,677).

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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**(i) Principal terms of the Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are set out below:

<b>Date of agreement</b>	5 December 2018
<b>Parties to the agreement</b>	Lessor and purchaser: China Resources;  Lessee: Kangbao Concord; and  Supplier: Haotai New Energy
<b>Subject assets</b>	The Equipment
<b>Consideration payable by the lessor to the supplier</b>	The consideration shall be settled by China Resources by two installments. The first installment (RMB203,384,000) is expected to be settled by the middle of December 2018, subject to, among other things, the execution of the Finance Lease Agreement, the Other Security Agreements and the relevant ancillary documents and the completion of the filings and registration procedure at the relevant authorities. China Resources shall be entitled to terminate the Sale and Purchase Agreement if such conditions have not been satisfied on or before 180 days from the date of the Sale and Purchase Agreement. The second installment (RMB50,846,000) is expected to be settled by the end of December 2018 subject to, among other things, the issuance of the confirmation on the quality of the Equipment by Kangbao Concord to China Resources and the payment of the second installment of the security deposit and the first installment of the handling fee by Kangbao Concord to China Resources.
<b>Basis of the consideration</b>	The consideration is determined after arm's length negotiations with reference to the purchase price payable to Haotai New Energy for the Equipment.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, China Resources and its ultimate beneficial owner(s) are third parties independent to the Company and its connected persons.

**(ii) Principal terms of the Finance Lease Agreement**

The principal terms of the Finance Lease Agreement are set out below:

<b>Date of agreement</b>	5 December 2018
<b>Parties to the agreement</b>	Lessor: China Resources; and Lessee: Kangbao Concord
<b>Period of the lease term</b>	10 years (commenced in the middle of December 2018)
<b>Total lease amount payable by the lessee to the lessor</b>	RMB352,667,856 (equivalent to approximately HK\$398,514,677) (being the sum of the lease cost of RMB254,230,000, the handling fee of RMB15,253,800 and the aggregate interest of RMB83,184,056), which is payable in 40 quarterly installments.
<b>Handling fee payable by the lessee to the lessor</b>	RMB15,253,800 (equivalent to approximately HK\$17,236,794), which shall be fully settled by Kangbao Concord to China Resources by 12 installments (together with the lease cost and interest) before the end of the fifth anniversary from the commencement of the lease terms.
<b>Security deposit payable by the lessee to the lessor</b>	RMB7,626,900 (equivalent to approximately HK\$8,618,397), which is payable by Kangbao Concord to China Resources by two installments upon the settlement of each installment of the consideration by China Resources and will be used as the final payment of the remaining lease amount.
<b>Basis to determine the lease payment</b>	The lease amount is agreed between China Resources and Kangbao Concord with reference to the consideration paid by China Resources in respect of the Equipment and the prevailing market interest rate of comparable equipment finance leases.
<b>Adjustment to the interest under the Finance Lease Agreement</b>	Interest (which forms part of the total lease amount) is subject to adjustment with reference to the benchmark interest rate for RMB loans with maturity of more than 5 years as promulgated by the People's Bank of China from time to time.

***Lessee's option to purchase the Equipment***

<b>Payment term</b>	The legal ownership of the Equipment will be rested in China Resources throughout the lease term. Upon the end of the lease term, provided that Kangbao Concord has fulfilled all of its obligations under the Finance Lease Agreement, Kangbao Concord has the option to purchase the Equipment at a consideration of RMB100.
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### **(iii) Other Security Agreements**

In order to secure Kangbao Concord's obligations under the Finance Lease Arrangement, the following security documents have also been executed on 5 December 2018 (after trading hours):

Guarantee Agreement	Century Concord has entered into a guarantee agreement in favour of China Resources (the "Guarantee Agreement"), pursuant to which Century Concord has agreed to provide an irrevocable guarantee for all the debts of the Kangbao Concord under the Finance Lease Agreement.
Electricity Fee Pledge Agreement	Kangbao Concord has entered into a pledge agreement in favour of China Resources (the "Electricity Fee Pledge Agreement"), pursuant to which Kangbao Concord has agreed to pledge its gains from the receivable in electricity fee to China Resources, to secure its obligations under the Finance Lease Agreement.
Share Pledge Agreement	Hebei Youhua has entered into the share pledge agreement in favour of China Resources (the "Share Pledge Agreement"), pursuant to which Hebei Youhua has agreed to pledge all its equity interest in Kangbao Concord to China Resources, to secure the obligations of Kangbao Concord under the Finance Lease Agreement.

### **REASONS FOR AND BENEFIT OF THE TRANSACTION**

The entering into of the Finance Lease Arrangement is in the ordinary and usual course of business of the Group. The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain financial resources and gain access to certain equipment as required for its operations. The terms under the Finance Lease Arrangement have been agreed after arm's length negotiation among the relevant parties. The Directors consider the terms of the Finance Lease Arrangement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

### **INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT**

China Resources is a company incorporated in the PRC which is principally engaged in the business of finance leasing. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, China Resources and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Company 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.

Kangbao Concord is a wholly-owned subsidiary of the Company, and is principally engaged in the wind power plant investment and operation in the PRC.

Haotai New Energy is a wholly-owned subsidiary of the Company, and is principally engaged in the trading of equipment for wind power and new energy.

## **LISTING RULES IMPLICATIONS**

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“China Resources”	China Resources Leasing Co. Ltd.* (華潤租賃有限公司), a company incorporated in the PRC with limited liability and a third party independent of the Company and its connected persons, which is also the purchaser under the Sale and Purchase Agreement and the lessor under Finance Lease Agreement
“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
“Century Concord”	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company and is principally engaged in wind and solar power projects investment
“Director(s)”	the director(s) of the Company
“Equipment”	certain machinery and equipment for the Group’s operation of a wind power project in Hebei Province, the PRC as stipulated under the Sale and Purchase Agreement

“Finance Lease Agreement”	the agreement entered into between the Kangbao Concord and China Resources dated 5 December 2018, including all ancillary agreements attached thereto in respect of the lease of the Equipment, as described in the section headed “Finance Lease Arrangement” in this announcement
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement, the Sale and Purchase Agreement and the Other Security Agreements
“Group”	the Company and its subsidiaries
“Haotai New Energy”	Haotai New Energy Equipment Co. Ltd.* (浩泰新能源裝備有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, the supplier under the Sale and Purchase Agreement
“Hebei Youhua”	Hebei Youhua New Energy Development Co., Ltd.* (河北優華新能源開發有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company and is principally engaged in wind power projects investment
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kangbao Concord”	Kangbao Concord Xuwulin Wind Power Co., Ltd.* (康保協合徐五林風力發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is the lessee under the Sale and Purchase Agreement and the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Security Agreements”	the security documents, including the Guarantee Agreement, the Electricity Fee Pledge Agreement and the Share Pledge Agreement, to secure Kangbao Concord’s obligations under the Finance Lease Arrangement, as stated in the section headed “Finance Lease Arrangement — Other Security Agreements” in this announcement
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the agreement entered into among China Resources, Haotai New Energy and Kangbao Concord dated 5 December 2018 pursuant to which China Resources agreed to purchase the Equipment from Haotai New Energy to fulfill China Resources’s obligations under the Finance Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustration purpose, the exchange rate of RMB1 = HK\$1.13 is applied in this announcement.

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

Hong Kong, 5 December 2018

*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. Niu Wenhui, Mr. Gui Kai and Dr. Shang Li (all of above are executive Directors), Mr. Wu Shaohua (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*